

FY 2001

BUDGET SUMMARY



U. S. DEPARTMENT OF AGRICULTURE

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INTRODUCTION

The Budget Summary describes the fiscal year 2001 budget for the U.S. Department of Agriculture (USDA). All references to years refer to fiscal year, except where specifically noted. Throughout the booklet, “1996 Farm Bill” is used to refer to the Federal Agriculture Improvement and Reform Act of 1996.

The Summary is organized into five sections: Funding Overview, Major Initiatives, Mission Area Highlights, Mission Area/Agency Details, and Appendix Tables.

Basic budget terminology:

- ! **Program Level** represents the gross value of all financial assistance USDA provides to the public. This assistance may be in the form of grants, guaranteed or direct loans, cost-sharing, professional services such as research or technical assistance activities, or in-kind benefits such as commodities.
- ! **Budget Authority** is the authority to commit funds of the Federal Treasury. Congress provides this authority through annual appropriations acts and substantive legislation which authorizes direct spending. The President's budget requests the Congress to appropriate or otherwise provide an amount of budget authority sufficient to carry out recommended government programs.
- ! **Obligations** are commitments of government funds. In order for USDA to make a valid obligation, it must have a sufficient amount of budget authority to cover the obligation.
- ! **Outlays** are cash disbursements from the Federal Treasury to satisfy a valid obligation.

Program level measures are used in most instances. However, there are some cases when other measures are used and the reader should take care to note which measure is being used. Estimates for 2000 have been adjusted to reflect the impact of rescissions under Public Law 106-113, the Fiscal Year 2000 Consolidated Appropriations Act. Finally, the reader should understand that many 2001 estimates are very tentative especially where programs are sensitive to weather or economic conditions.

Questions may be directed to the Office of Budget and Program Analysis via e-mail at bca@obpa.usda.gov or telephone at (202) 720-6176.

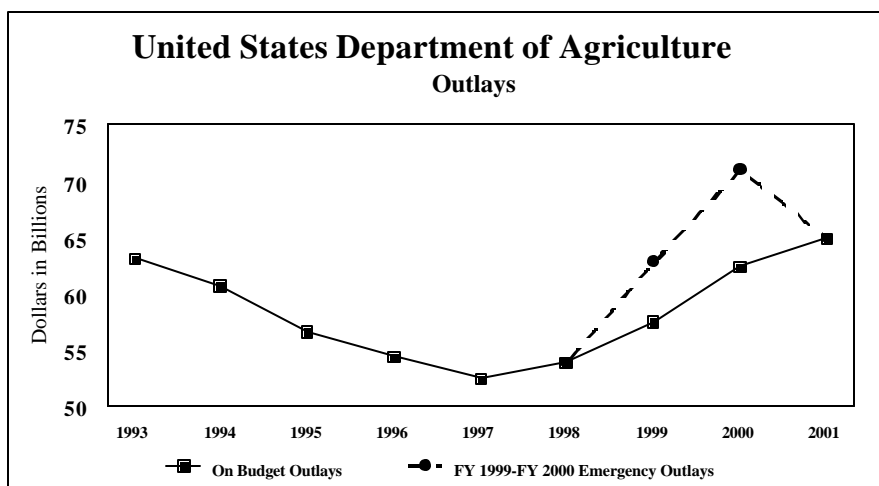
FUNDING OVERVIEW

2001 Funding Overview

Emergency funding to address natural and economic disasters in the agriculture and rural economies in recent years is reflected in USDA outlay trends. Outlays increased by \$8.9 billion from \$53.9 billion in 1998 to \$62.8 billion in 1999, largely as a result of supplemental funding to address farm income and natural disasters. Additional supplemental funding in 2000, including funding proposed as part of the President's Farm Safety Net Initiative, and other farm program outlays are projected to increase 2000 outlays by an additional \$8.3 billion to \$71.1 billion. Outlay estimates for 2001, although about \$6.1 billion below the 2000 peak, include the proposed farm income, crop insurance, conservation and other initiatives to improve the farm safety net.

USDA's 2001 discretionary program outlays, about \$16.7 billion, or about 26 percent of total USDA outlays, include the Special Supplemental Nutrition Program for Women, Infants and Children (WIC); rural development; research and technical assistance; soil and water conservation technical assistance; management of the National Forests and Grasslands; State and Private Forestry Programs; and domestic and international marketing assistance. Mandatory programs account for the remaining 74 percent of USDA outlays, about \$48.2 billion in 2001. These programs provide services as required by law and include the majority of the nutrition assistance programs, commodity programs, and a number of conservation programs. The total USDA program level is projected to decrease from \$105.4 billion in 2000 to an estimated \$100.2 billion in 2001.

The budget will strengthen the safety net for farmers and low-income populations, provide economic opportunities for rural Americans, protect our natural resources and further improve the safety of the food supply. Funding is included within a number of agencies to support programs proposed as segments of multi-agency Administration initiatives. More detailed information is provided under the relevant sections of this document.



UNITED STATES DEPARTMENT OF AGRICULTURE

(Dollars in Millions)

AGENCY / PROGRAM	Program Level				Outlays			
	1999 Actual	2000 Current Estimate	2001 Budget	Change 2000 to 2001	1999 Actual	2000 Current Estimate	2001 Budget	Change 2000 to 2001
FARM AND FOREIGN AGRICULTURAL SERVICES								
Farm Service Agency:								
Farm Loan and Grant Programs.....	\$3,941.00	\$5,842.00	\$4,562.00	-\$1,280.00	\$225.00	\$985.00	\$217.00	-\$768.00
Conservation Reserve Program.....	1,462.00	1,610.00	1,742.00	132.00	1,514.00	1,631.00	1,742.00	111.00
Conservation and Other Programs.....	30.00	50.00	0.00	-50.00	58.00	82.00	51.00	-31.00
Commodity Programs.....	24,767.00	33,330.00	24,725.00	-8,605.00	16,923.00	24,615.00	15,258.00	-9,357.00
Commodity Credit Corporation Programs.....	30,352.00	40,119.00	32,339.00	-7,780.00	19,457.00	27,930.00	19,306.00	-8,624.00
Salaries and Expenses.....	1,009.00	1,062.00	1,095.00	33.00	978.00	996.00	1,090.00	94.00
Total, Farm Service Agency.....	31,209.00	41,894.00	32,124.00	-9,770.00	19,698.00	28,309.00	18,358.00	-9,951.00
Risk Management Agency:								
Administrative and Operating Expenses.....	64.00	64.00	68.00	4.00	54.00	64.00	67.00	3.00
Crop Insurance Fund.....	1,913.00	2,104.00	2,169.00	65.00	1,677.00	1,936.00	2,529.00	593.00
Total, Risk Management Agency.....	1,977.00	2,168.00	2,237.00	69.00	1,731.00	2,000.00	2,596.00	596.00
Foreign Agricultural Service:								
Export Credit Guarantees.....	3,045.00	3,787.00	3,792.00	5.00	148.00	45.00	317.00	272.00
Market Development Programs.....	118.00	120.00	120.00	0.00	142.00	162.00	126.00	-36.00
Export Subsidy Programs.....	146.00	698.00	544.00	-154.00	128.00	711.00	569.00	-142.00
P.L. 480.....	1,808.00	1,229.00	1,017.00	-212.00	1,296.00	1,827.00	1,039.00	-788.00
Section 416(b) Donations: Ocean Freight and Overseas Distribution Costs.....	428.00	75.00	0.00	-75.00	290.00	261.00	131.00	-130.00
Food for Progress Program.....	101.00	131.00	118.00	-13.00	82.00	124.00	124.00	0.00
Salaries and Expenses.....	178.00	169.00	172.00	3.00	122.00	129.00	137.00	8.00
Total, Foreign Agricultural Service.....	5,824.00	6,209.00	5,763.00	-446.00	2,208.00	3,259.00	2,443.00	-816.00
Total, Farm and Foreign Agricultural Services.....	39,010.00	50,271.00	40,124.00	-10,147.00	23,637.00	33,568.00	23,397.00	-10,171.00
RURAL DEVELOPMENT								
Rural Utilities Service:								
Electric and Telephone Loans.....	2,027.30	2,786.67	2,220.00	-566.67	187.00	94.00	79.00	-15.00
Water and Waste Disposal Loans and Grants.....	1,301.01	1,286.68	1,614.37	327.69	612.00	621.00	559.00	-62.00
Distance Learning and Telemedicine Loans and Grants.....	67.87	220.56	427.00	206.44	9.00	15.00	18.00	3.00
Total, Rural Utilities Service.....	3,396.19	4,293.91	4,261.37	-32.54	808.00	730.00	656.00	-74.00
Rural Housing Service:								
Rural Housing Loan and Grant Programs.....	4,853.45	5,401.92	6,194.01	792.09	1,438.00	1,281.00	1,402.00	121.00
Rural Community Loans and Grants.....	277.78	408.86	484.00	75.15	27.00	22.00	46.00	24.00
Total, Rural Housing Service.....	5,131.23	5,810.78	6,678.01	867.23	1,465.00	1,303.00	1,448.00	145.00
Rural Business - Cooperative Service:								
Loans and Grants.....	1,371.68	1,067.16	1,463.66	396.50	91.00	132.00	110.00	-22.00
Salaries and Expenses.....	515.02	533.96	580.96	47.00	110.00	122.00	130.00	8.00
Rural Community Advancement Program.....	2,884.66	2,660.64	3,447.03	786.39	680.00	714.00	658.00	-56.00
Total, Rural Development.....	10,414.11	11,705.81	12,984.00	1,278.19	2,474.00	2,287.00	2,344.00	57.00
FOOD, NUTRITION, AND CONSUMER SERVICES								
Food and Nutrition Service:								
Food Stamp Program.....	19,295.00	19,832.00	21,185.00	1,353.00	18,915.00	19,629.00	20,959.00	1,330.00
Child Nutrition Programs.....	9,651.00	9,846.00	10,367.00	521.00	9,278.00	9,754.00	10,289.00	535.00
Women, Infants and Children (WIC).....	4,061.00	4,141.00	4,278.00	137.00	3,932.00	4,034.00	4,148.00	114.00
All Other.....	493.00	516.00	538.00	22.00	490.00	512.00	543.00	31.00
Total, Food and Nutrition Service.....	33,500.00	34,335.00	36,368.00	2,033.00	32,615.00	33,929.00	35,939.00	2,010.00
Section 32 Funds.....	347.00	137.00	139.00	2.00	432.00	135.00	137.00	2.00
Total, Food, Nutrition, and Consumer Services.....	33,847.00	34,472.00	36,507.00	2,035.00	33,047.00	34,064.00	36,076.00	2,012.00

UNITED STATES DEPARTMENT OF AGRICULTURE

(Dollars in Millions)

AGENCY / PROGRAM	Program Level				Outlays			
	1999 Actual	2000 Current Estimate	2001 Budget	Change 2000 to 2001	1999 Actual	2000 Current Estimate	2001 Budget	Change 2000 to 2001
FOOD SAFETY								
Food Safety and Inspection Service.....	713.00	751.00	771.00	20.00	604.00	653.00	158.00	-495.00
NATURAL RESOURCES AND ENVIRONMENT								
Natural Resources Conservation Service:								
Conservation Operations.....	641.00	661.00	747.00	86.00	657.00	686.00	738.00	52.00
Watershed and Flood Prevention Operations.....	194.00	171.00	83.00	-88.00	208.00	249.00	197.00	-52.00
Other Conservation Programs.....	65.00	50.00	46.00	-4.00	89.00	86.00	83.00	-3.00
Programs financed by CCC:								
Conservation Security Program.....	0.00	0.00	600.00	600.00	0.00	0.00	600.00	600.00
Wildlife Habitat Incentives Program.....	0.00	0.00	50.00	50.00	0.00	0.00	13.00	13.00
Environmental Quality Incentives Program.....	174.00	174.00	325.00	151.00	128.00	161.00	190.00	29.00
Farmland Protection Program.....	0.00	0.00	65.00	65.00	7.00	10.00	7.00	-3.00
Wetlands Reserve Program.....	123.00	157.00	286.00	129.00	157.00	210.00	222.00	12.00
Total, Natural Resources Conservation Service.....	1,197.00	1,213.00	2,202.00	989.00	1,246.00	1,402.00	2,050.00	648.00
Forest Service:								
National Forest System.....	1,110.00	1,148.00	1,287.00	139.00	1,078.00	1,153.00	1,284.00	131.00
Reconstruction and Maintenance.....	414.00	437.00	425.00	-12.00	359.00	401.00	398.00	-3.00
Wildland Fire Management.....	723.00	618.00	770.00	152.00	764.00	552.00	605.00	53.00
Land Acquisition.....	118.00	156.00	130.00	-26.00	93.00	144.00	139.00	-5.00
State and Private Forestry.....	171.00	208.00	261.00	53.00	181.00	198.00	247.00	49.00
All Other.....	220.00	245.00	237.00	-8.00	225.00	245.00	237.00	-8.00
Total, Discretionary Accounts.....	2,756.00	2,812.00	3,110.00	298.00	2,700.00	2,693.00	2,910.00	217.00
Mandatory.....	735.00	674.00	743.00	69.00	725.00	664.00	707.00	43.00
Total, Forest Service.....	3,491.00	3,486.00	3,853.00	367.00	3,425.00	3,357.00	3,617.00	260.00
Total, Natural Resources and Environment	4,688.00	4,699.00	6,055.00	1,356.00	4,671.00	4,759.00	5,667.00	908.00
MARKETING AND REGULATORY PROGRAMS								
Animal and Plant Health Inspection Service.....	652.00	633.00	645.00	12.00	612.00	658.00	634.00	-24.00
Agricultural Marketing Service.....	248.00	252.00	270.00	18.00	182.00	164.00	185.00	21.00
Grain Inspection, Packers and Stockyards								
Administration.....	62.00	70.00	76.00	6.00	24.00	26.00	14.00	-12.00
Total, Marketing and Regulatory Programs.....	962.00	955.00	991.00	36.00	818.00	848.00	833.00	-15.00
RESEARCH, EDUCATION, AND ECONOMICS								
Agricultural Research Service.....	814.00	853.00	917.00	64.00	779.00	847.00	904.00	57.00
Buildings and Facilities.....	56.00	53.00	39.00	-14.00	68.00	65.00	65.00	0.00
Cooperative State Research, Education, and								
Extension Service.....	928.00	1,074.00	1,096.00	22.00	880.00	957.00	1,002.00	45.00
Economic Research Service.....	63.00	65.00	55.00	-10.00	58.00	56.00	56.00	0.00
National Agricultural Statistics Service.....	104.00	99.00	101.00	2.00	105.00	100.00	101.00	1.00
Total, Research, Education, and Economics.....	1,965.00	2,144.00	2,208.00	64.00	1,890.00	2,025.00	2,128.00	103.00
OTHER ACTIVITIES								
Departmental Offices.....	114.00	119.00	145.00	26.00	106.00	110.00	140.00	30.00
Centralized Activities.....	227.00	161.00	214.00	53.00	180.00	233.00	214.00	-19.00
Outreach for Socially Disadvantaged Farmers.....	3.00	3.00	10.00	7.00	4.00	5.00	10.00	5.00
Office of the Inspector General.....	65.00	65.00	70.00	5.00	62.00	65.00	70.00	5.00
Fund for Rural America.....	2.00	60.00	60.00	0.00	10.00	20.00	60.00	40.00
Common Computing Environment.....	0.00	13.00	75.00	62.00	0.00	10.00	71.00	61.00
Pre - Credit Reform Loan Repayments.....	0.00	0.00	0.00	0.00	-3,694.00	-6,149.00	-5,315.00	834.00
Receipts.....	0.00	0.00	0.00	0.00	-971.00	-1,400.00	-898.00	502.00
USDA, TOTAL.....	92,010.11	105,418.81	100,214.00	-5,204.81	62,834.00	71,096.00	64,953.00	-6,143.00

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FARM SAFETY NET IMPROVEMENTS

The 2001 budget proposes a major new initiative to improve the farm safety net. The initiative includes proposals for new legislation to enhance the farm income support provided by the 1996 Farm Bill with supplementary countercyclical income assistance payments targeted to producers actually facing reduced prices and revenues and to reform the Crop Insurance Program to provide better protection against natural disasters. These and other legislative proposals including a new Conservation Security Program (CSP), expansion of the Conservation Reserve Program (CRP) and other conservation programs will strengthen farm income support for those producers most in need of assistance due to depressed prices and natural disasters while also stimulating achievement of major environmental benefits through better management of our farmland. These legislative proposals coupled with actions to be undertaken using current authorities will provide \$11 billion in additional assistance to the rural economy over the period from 2000 through 2002. The Farm Safety Net Initiative is designed to eliminate or minimize the need for continued costly, and ineffectively targeted emergency farm income and disaster assistance such as has been the case over the past 2 years. Nearly \$15 billion in emergency farm assistance has been legislated over the past 2 years to address the continuing farm economic crisis caused by low prices, weakened exports, and losses from natural disasters. The Administration's initiative will lay the basis for more permanent and effective assistance at less cost. Major components of the overall initiative are described below.

! Farm Income

The 2001 budget proposes a Supplementary Income Assistance Program to provide supplemental income assistance payments for the 2000 and 2001 crop years to eligible producers of wheat, feed grains, rice, upland cotton and oilseeds. The payments would be made only if projected gross income, including other government payments, for the crop falls below 92 percent of the preceding 5 year average. The supplementary payments would be crop specific and would be based on actual production rather than some historical base. This proposed program, thus, addresses major weaknesses of the 1996 Farm Bill and of the emergency income assistance authorized by the Congress in the past 2 years based on Agricultural Market Transition Act (AMTA) contract payments. Specifically, the proposed program will provide payments only to current producers of those crops with low prices and income. The payments would also be subject to a rigorous payment limitation of \$30,000 combined for these supplementary payments plus AMTA payments. The proposed program will provide projected payments of \$600 million in fiscal year 2000 and about \$2.5 billion per year in 2001 and 2002.

Additional initiatives to improve the farm safety net include the proposed extension of the Dairy Price Support Program through 2002 to maintain support for dairy product prices. Currently, the program terminates at the end of 2000. Under current authority, the Department also proposes to maintain maximum authorized marketing assistance loan rates for the 2000 crop, and institute a new on-farm storage loan program to facilitate farmers' marketing opportunities.

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! Risk Management

Crop Insurance would be reformed by providing for an extension of the initiative taken in 1999 and 2000 to discount premium subsidy rates on buy-up coverage. Farmers who have expressed concerns about the high cost of the level of insurance coverage they need responded to this initiative by buying higher levels of coverage. With this experience to build on, it is anticipated that farmers will buy even more coverage and become steady customers. In addition, the Administration is proposing legislative changes to provide for multi-year coverage, so that farmers with production losses and price declines that extend over several years will not be driven out of the program. The Administration also proposes to establish a pilot program for insuring livestock. Few livestock producers utilize risk management tools such as options contracts to protect themselves against price declines. The pilot program would be designed to address this need by subsidizing producers' participation. This program will be similar to the one offered dairy producers under the Dairy Options Pilot Program. The Administration also proposes to improve coverage provided by the non-insured assistance program by replacing the area-wide loss trigger with a disaster declaration. This will especially benefit producers of specialty crops.

! Conservation

An additional \$1.3 billion over authorized levels for a Farm Conservation Initiative is proposed in 2001 as a key component of the Administration's Farm Safety Net Initiative to strengthen farm family income while promoting environmentally sound land management. As part of the initiative, a new \$600 million CSP is funded, to be administered by the Natural Resources Conservation Service (NRCS). The CSP would provide annual payments to farmers and ranchers who implement conservation practices such as conservation tillage, proper grazing use, buffers and irrigation water management. Within the total, funds will be made available to NRCS to provide necessary technical assistance to farmers and ranchers.

Increases are also proposed for five ongoing conservation programs:

- \$ Wetlands Reserve Program (WRP). The initiative would remove the current cumulative acreage cap of 975,000 acres which would be met in FY 2001, and allow for the enrollment of 210,000 acres in 2001 beyond the current cap, and an additional 250,000 acres in each subsequent year.
- \$ Conservation Reserve Program (CRP). The initiative would increase the enrollment cap by 3.6 million acres to 40 million acres. Bonuses totaling up to \$100 million in FY 2000 and up to \$125 million each year in FY 2001 and FY 2002 would also be offered to producers who enroll land in CRP through continuous signup provisions. These bonuses are expected to encourage enrollment of high environmental-value acreage and will provide producers with an additional incentive payment at enrollment and also when the practice is fully implemented.
- \$ Environmental Quality Incentives Program (EQIP). For EQIP, which is also part of the President's Clean Water Action Plan, the current funding level in 2000 would be increased from \$174 million to \$325 million in 2001. This program

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provides financial, technical and educational assistance to farmers and ranchers who wish to implement conservation practices for land currently in production.

\$ Farmland Protection Program (FPP). The FPP, which is also part of the President's Lands Legacy Initiative, would be funded at \$65 million annually. This program provides matching funds to State, local and tribal governments to purchase permanent easements and thereby protect farmland which may otherwise be threatened by urban and suburban sprawl.

\$ Wildlife Habitat Incentives Program (WHIP). The initiative proposes \$50 million annually for WHIP, which offers cost-share assistance to farmers and landowners for habitat restoration and technical assistance.

! **Economic Opportunity**

The budget proposes additional assistance to enhance economic opportunities for agricultural producers and rural residents. This assistance includes:

\$ Empowerment Zones and Enterprise Communities (EZ/EC). The Administration proposes to provide mandatory funding for \$15 million in grants annually for round II Empowerment Zones and Enterprise Communities (EZ/EC). Five new rural empowerment zones were authorized by the Taxpayer Relief Act of 1997. Twenty new enterprise communities were authorized by the 1999 Appropriations Act, and \$15 million in discretionary funds was appropriated in both 1999 and 2000. The multi-year mandatory funding would allow recipients greater assurance of funding for strategic planning.

\$ Cooperative Development Program (CDP). The Administration proposes to establish a new CDP to provide equity capital for new livestock and other processing cooperatives. This proposal would address concerns about concentration in agricultural industries and provide the opportunity for farmers to enhance prices received for their products through the ownership and the modernization or replacement of processing facilities that lack the technology to compete effectively.

\$ Biofuels. As part of the Administration's Biobased Products/Bioenergy Initiative, and to increase demand for agricultural commodities, CCC will provide up to \$100 million in 2000 and up to \$150 million in 2001 and 2002 in bioenergy incentive payments to bioenergy producers to expand production of biobased fuels.

FOOD STAMP ENHANCEMENT

The budget proposes legislation to restore benefits to certain legal immigrants and to help the many working poor families for whom owning a vehicle is the one item that makes them ineligible for food stamps. These proposals include:

\$ Restoring eligibility to legal immigrants who resided in the U.S. on August 22, 1996 and who subsequently turn age 65. Benefits would be restored to 10,000 immigrants by 2005.

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- \$ Restoring eligibility to legal immigrants who resided in the U.S. on August 22, 1996 and who reside with eligible children effective on April 1, 2001. Benefits would be restored to 85,000 adults in the first year and 155,000 adults by 2005.
- \$ Offering States the option of conforming their rules on resource value of vehicles with a more generous Temporary Assistance to Needy Families Program (TANF), effective September 1, 2001. This proposal, when fully implemented, would make it easier for 245,000 individuals in working families to own vehicles and receive food stamps. The proposal also provides States with the option to conform food stamp and Medicaid income definitions.

FOOD SAFETY INITIATIVE

For 2001, eight USDA agencies are requesting a total of \$164 million, an increase of \$29 million over the 2000 level, to support the President's Food Safety Initiative. Research and data collection on food safety hazards continues to be a high priority activity for USDA. Of the requested increase, \$17.9 million would support food safety research aimed at developing the most effective means to detect and identify pathogens, minimize their presence in the food supply, and respond to outbreaks of foodborne illness. Microbial data would be collected to establish the level of microbial contamination on fruits and vegetables. An increase of \$3.7 million would be used to conduct quantitative risk assessments needed to support implementation of Hazard Analysis and Critical Control Points (HACCP) programs and to understand the potential for food safety hazards to contaminate the food supply at each step in the farm to table continuum. In order to continue USDA's success in reducing microbial contamination of meat, poultry, and eggs, the budget includes an increase of \$5.8 million to enhance Federal-State partnerships and implement the Shell Egg Action Plan.

BIOBASED PRODUCTS/BIOENERGY INITIATIVE

Increased investments in the development of biobased products and bioenergy will help to strengthen farm income, create new jobs in rural communities, broaden opportunities for rural businesses, enhance U.S. energy security by providing alternatives to foreign oil sources, and reduce air pollution and greenhouse gas emissions. The President has asked Federal agencies to report on activities to further the development and use of biobased products, with a goal to triple the U.S. use of biobased products and bioenergy by 2010. The budget proposes a total of \$268 million, an increase of about \$96 million (56 percent) above the 2000 level, to support research and development, demonstration and commercialization, and outreach and education activities. The increase is proposed to expand the research efforts of the Agricultural Research Service (ARS), the Cooperative State Research, Education, and Extension Service (CSREES) and the Forest Service (FS) to develop methods to transform biomass into energy and exchange technology transfer activities. Research will also be conducted to develop new biobased materials, such as lubricants, adhesives, and building materials; new crops for value-added products; increase knowledge of fundamental biomaterials science; and improve conversion of agricultural materials into biofuels. In addition to research programs, increased funds will be used to initiate new programs for providing technical and financial assistance for producers of bioenergy or biobased products, including development of pilot crop insurance policies for growers of crops to be used for biobased products or bioenergy; business and industry loans for

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cooperatives processing or marketing biobased products; and grants for bioenergy community projects. In addition, \$3.6 million will be provided from EQIP funding to expand AgSTAR, which is a program that focuses on working with farmers on technologies that capture the methane released from manure management systems. The Commodity Credit Corporation (CCC) will provide up to \$100 million in 2000, and up to \$150 million in 2001, in bioenergy incentive payments to encourage increased production of fuel grade ethanol and biodiesel from grain.

LANDS LEGACY INITIATIVE

As the Nation's population and prosperity grows, there are new challenges to preserve the natural heritage and green spaces that Americans have come to treasure. The 2001 budget proposes a governmentwide \$1.4 billion dedicated Lands Legacy Initiative to protect great places and to provide the tools for States, localities and tribes to plan for smart growth and open space preservation. Of the \$1.4 billion, \$236 million is proposed for USDA through the FS. In addition, the Farmland Protection Program (FPP), administered by NRCS, remains part of the Lands Legacy Initiative, but is outside of the dedicated Lands Legacy funding and is part of the Farm Safety Net proposal.

FS land acquisitions will continue to add lands valuable for recreation, wildlife habitat, and watershed protection to the National Forests. The Forest Legacy Program provides funds for the acquisition of easements on private lands to protect critical environmental habitat threatened with development. The Urban and Community Forestry Program provides grants to States and localities to establish, maintain, or expand urban and community forests and related green spaces that serve to support viable communities and neighborhoods. The new Smart Growth Partnership Program provides subsidized loans from a revolving loan program to States and municipalities for smart growth land acquisition and management. This will help communities to protect open spaces, limit sprawl, enhance air and water quality, reduce greenhouse emissions and increase greenspace. The FPP shares with State, local, tribal governments the costs of acquiring easements to limit conversion of agricultural lands to non-agricultural lands.

INVASIVE SPECIES

A total of \$561 million, an increase of \$136 million or 32 percent, is proposed for the Department's efforts to exclude, detect and eradicate incipient populations and manage established species. The 2001 Invasive Species Initiative continues to strengthen the Department's on-going programs which have been addressing problems caused by invasive plant and pest species. Increases are provided for the Animal and Plant Health Inspection Service (APHIS), the front line of defense for preventing the introduction of exotic plant pests and animal diseases, for detecting and mitigating introductions at ports of entry, and providing control of new introductions. Funding will support a new early warning system that will assist in the early detection and rapid eradication of newly introduced invasive species. Increases totaling \$6.6 million are also proposed to support research efforts at ARS labs, universities and with other cooperators, including research to support identification of weeds and insects, integrated weed management systems, and biocontrol for weeds and insects. Included in the funding for research efforts is \$1.5 million for a CSREES competitive grants program for research, education and extension activities in collaboration with representative individuals, groups, and agencies at the local level to address invasive species on an ecoregional basis. An increase of \$4 million will

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provide additional resources for the FS to expand control, restoration and monitoring for invasive species within the National Forests.

FOOD QUALITY PROTECTION ACT

The enactment of the Food Quality Protection Act (FQPA) in 1996 established stricter safety standards for pesticide registration, particularly for pesticides used on foods consumed by infants and children. While the Environmental Protection Agency (EPA) has primary responsibility for pesticide registration, USDA has significant responsibilities to develop alternative pest controls, promote widespread adoption of safer pest control practices, and collect and develop residue data and information on pesticide use. On April 8, 1998, the Vice President issued a directive to the Department and EPA to work jointly in implementing FQPA to ensure safer food for consumers and sufficient pest control tools for use by producers. The 2001 budget provides \$108 million to fund research, technology transfer, and pesticide data programs that are needed for USDA and EPA to implement the FQPA requirements. Increases total \$25 million or 30 percent above the 2000 level, including \$24 million for research and extension projects to develop and test integrated pest management systems, biological controls, and other less chemically-intensive methods to control pests of fruits, vegetables, grain, forage, and fiber crops. Increases are requested for programs which target short-, intermediate- and long-term alternatives for pesticides that are most at risk for being taken off the market due to FQPA, such as organophosphates and carbamates. An increase is also proposed for establishing a program to monitor pesticide residues in drinking water.

CLEAN WATER ACTION PLAN

The budget proposes an increase of \$284 million for USDA Clean Water Action Plan activities, for a total funding level of more than \$1 billion. The budget proposes an increase of \$195 million for NRCS Clean Water Action Plan activities, including \$151 million to increase the EQIP to a total program level of \$325 million. A total of \$10 million is provided for a new competitive Partnership Grants Program to provide coordination for locally-led conservation efforts and direct technical assistance to private landowners to promote: (1) effective nutrient management; (2) water quality and quantity improvements; and (3) natural resource protection of watersheds. An increase of \$3 million is provided for environmental monitoring of watersheds to collect data and information needed to assess water quality. An increase of \$31 million is also included to provide technical assistance for animal feeding operations. The Clean Water Action Plan also includes funding from several FS programs such as Soil, Water and Air Management, Rangeland Management, Forest Stewardship, Road Maintenance and Construction, and Inventory and Monitoring. The FS programs included in the Clean Water Action Plan will increase \$85 million over the 2000 enacted levels. Lastly, ARS is provided an increase of \$4 million above the 2000 level to carry out research on hypoxia, harmful algal blooms, and related problems.

GLOBAL CHANGE RESEARCH PROGRAM

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The budget proposes \$85 million, an increase of \$32 million for the U.S. Global Change Research Program (USGCRP), which supports research to understand the human and natural forces that influence the earth's climate and understand the consequences of climatic change. USDA's Global Change Research Program is aimed at understanding the effects of climate change, such as temperature changes, rising carbon dioxide levels and other plant stresses, on agricultural production and forest health and productivity. Within the total are increased funds (\$8 million) for ARS and FS to study the role of agriculture and forests in the carbon balance and examine ways to increase carbon storage in soils and forests. An additional \$12.3 million is provided to NRCS to construct soil carbon inventories and develop a soil carbon database. Increases are also provided for studying the economic consequences of climate change, including the economic value of sequestering carbon on agricultural lands. An increase is included for climate change research under the National Research Initiative Competitive Grants Programs and for the UV-B monitoring network. Additional funding is included to continue USDA participation in National Assessment activities, which are designed to synthesize scientific results, improve communication between scientists and the public, and identify gaps in the USGCRP.

CLIMATE CHANGE TECHNOLOGY INITIATIVE

The budget proposes \$24 million to support the President's Climate Change Technology Initiative (CCTI) to develop and demonstrate technologies that reduce greenhouse gas emissions from agriculture and forestry and examine strategies to adapting to climate change. Within the total, ARS will provide \$4 million to develop technology for predicting and adapting agricultural production to global change effects. The FS will provide \$3 million for increased research on forest and rangeland carbon sequestration and the NRCS will use \$3 million to support projects that demonstrate and test various greenhouse gas mitigation strategies and monitoring mechanisms. A total increase of \$14 million will support ARS and FS work on converting biomass to energy, which plays a pivotal role in the Bioproducts/Bioenergy Initiative to expand opportunities for rural communities, reduce U.S. dependence on foreign oil sources, and provide a cleaner alternative energy source. Of the \$14 million, FS will provide \$9.5 million for research on small diameter and short-rotation trees and ARS will devote \$4.5 million in program increases focused on biomass conversion technologies.

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INITIATIVES Program Level (Dollars in Millions)

Initiative	Increase In		2000 - 2002 Total
	2000 Current Estimate	2001 Budget	
Farm Safety Net Initiative:			
Farm Income:			
Freeze 2000 Crop Loan Rates.....	\$20	\$500	\$530
Supplementary Income Assistance.....	600	2,464	5,599
Dairy Price Support Extension.....	0	150	300
On-Farm Storage.....	350	150	500
Total, Farm Income.....	970	3,264	6,929
Risk Management:			
Premium Discount.....	0	640	640
Risk Management Education.....	0	40	65
Multi-Year Coverage.....	0	100	100
Research & Development.....	0	30	60
Non-Insured Assistance Program.....	110	110	220
Livestock Insurance Pilot.....	0	100	200
Total, Risk Management.....	110	1,020	1,285
Conservation Programs:			
Wetlands Reserve Program.....	0	213	472
Conservation Reserve Program (CRP).....	0	a/	21
CRP Continuous Signup Bonuses.....	100	125	350
Conservation Security Program.....	0	600	1,200
Env. Quality Incentives Program (EQIP).....	0	125	250
Farmland Protection Program.....	0	65	130
Wildlife Habitat Incentives Program.....	0	50	100
Technical Assistance/Other.....	0	110	214
Total, Conservation Programs.....	100	1,288	2,737
Economic Opportunity:			
Empowerment Zones and Enterprise Communities (EZ/ECs).....			
Cooperative Development.....	0	15	30
Bioenergy Incentives.....	0	80	130
	100	150	400
Total, Economic Opportunity.....	100	245	560
Total, Farm Safety Net.....	\$1,280	\$5,817	\$11,511

a/ Rental payments on CRP acres are made in the subsequent fiscal year.

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INITIATIVES Program Level (Dollars in Millions)

Initiative	2000 Current Estimate	2001 Budget
Food Stamp Enhancement:		
Restore Eligibility to Legal Immigrants.....	0	\$25
Conform Vehicle Policy With TANF Vehicle Policy.....	0	1
Income Definition Conformity With Medicaid.....	0	5
Total, Food Stamp Enhancement.....	0	\$31
Food Safety Initiative:		
Food Safety and Inspection Service.....	\$21	\$29
Food and Nutrition Service.....	2	2
Agricultural Research Service.....	82	88
Cooperative State Research, Education and Extension Service.....	27	36
Economic Research Service.....	1	1
Agricultural Marketing Service.....	b/	6
Office of the Chief Economist.....	b/	b/
National Agricultural Statistics Service.....	3	3
Total, Food Safety Initiative.....	\$136	\$165
Biobased Products/Bioenergy Initiative:		
Agricultural Research Service.....	\$46	\$63
Commodity Credit Corporation.....	100	150
Cooperative State Research, Education and Extension Service.....	11	19
Forest Service.....	9	19
Natural Resources Conservation Service.....	5	9
Office of the Chief Economist.....	1	2
Rural Development.....	0	4
Risk Management Agency.....	0	1
Department Administration Staff Offices (DA).....	b/	b/
Office of the Secretary.....	0	1
Total, Bioproducts/Bioenergy.....	\$172	\$268
Lands Legacy Initiative:		
Forest Service:		
Land Acquisition.....	\$156	\$130
Forest Legacy.....	30	60
Urban and Community Forestry.....	31	40
Smart Growth-Budget Authority	0	6
Total, FS.....	217	236
Natural Resources Conservation Service:		
Farmland Protection Program (CCC-Funded).....	b/	65
Total, Lands Legacy Initiative.....	\$217	\$301

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INITIATIVES Program Level (Dollars in Millions)

Initiative	2000 Current Estimate	2001 Budget
Invasive Species:		
Agricultural Research Service.....	\$75	\$78
Animal and Plant Health Inspection Service.....	307	434
Cooperative State Research, Education and Extension Service.....	12	14
Economic Research Service.....	b/	b/
Forest Service.....	29	33
Natural Resources Conservation Service.....	2	2
Office of the Chief Economist.....	b/	b/
Total, Invasive Species.....	\$425	\$561
Food Quality Protection Act (FQPA):		
Agricultural Research Service.....	\$23	\$27
Cooperative State Research, Education and Extension Service.....	36	56
Economic Research Service.....	3	3
National Agricultural Statistics Service.....	7	7
Food Safety and Inspection Service.....	1	1
Agricultural Marketing Service.....	13	14
Total, FQPA Activities.....	\$83	\$108
Clean Water Action Plan:		
Agricultural Research Service.....	\$1	\$5
Natural Resources Conservation Service:		
EQIP (mandatory).....	174	325
Monitoring.....	0	3
Partnership Grants.....	0	10
Animal Feeding Operations Strategy.....	56	87
Total, NRCS.....	230	425
Forest Service.....	542	627
Total, Clean Water Action Plan.....	\$773	\$1,057
Forest Service:		
Land Acquisition.....	\$156	\$130
Forest Legacy.....	30	60
Urban and Community Forestry.....	31	40
Smart Growth-Budget Authority	0	6
Total, FS.....	217	236
Natural Resources Conservation Service:		
Farmland Protection Program (CCC-Funded).....	b/	65
Total, Lands Legacy Initiative.....	\$217	\$301

MAJOR INITIATIVES

INITIATIVES Program Level (Dollars in Millions)

Initiative	2000 Current Estimate	2001 Budget
Global Change Research Program (USGCRP):		
Agricultural Research Service.....	\$27	\$36
Cooperative State Research, Education and Extension Service.....	7	14
Economic Research Service.....	1	2
Natural Resources Conservation Service.....	1	13
Forest Service.....	17	20
Total, USGCRP.....	\$53	\$85
Climate Change Technology Initiative (CCTI):		
Agricultural Research Service.....	0	\$8
Natural Resources Conservation Service.....	0	3
Forest Service.....	0	13
Total, CCTI.....	0	\$24

a/ Rental Payments on CRP acres are made in the subsequent fiscal year.

b/ Less than \$500 thousand.

MISSION AREA HIGHLIGHTS

The Department's 2001 Budget supports achievement of its Strategic Goals as follows:

- ! Expand economic and trade opportunities for agricultural producers and other rural residents.***
- ! Ensure food for the hungry, and a safe, affordable, nutritious, and accessible food supply.***
- ! Promote sensible management of our natural resources.***

Following are mission area highlights of the Department's budget proposals in support of these goals:

FARM AND FOREIGN AGRICULTURAL SERVICES

This mission area supports expanded economic and trade opportunities for agricultural producers through commodity and income support, export promotion, farm credit, risk management, and related programs. These programs provide a safety net to help ensure the long-term economic vitality of American farmers and ranchers. International trade and export programs promote economic opportunity by developing and protecting expanded export markets. Income support payments help ensure the economic vitality of producers. The economic viability of a farm sector which is heavily dependent on unstable international markets and unpredictable weather is influenced significantly by the Department's risk management and export programs. The Department also provides farm credit assistance as a lender of last resort, paying particular attention to small, limited resource and minority farmers.

The Administration is committed to working with the Congress to improve the safety net for farmers, by providing countercyclical income assistance for producers affected by reduced prices and revenues, as well as broadening and strengthening the Crop Insurance Program. In addition, complementary conservation initiatives are proposed to promote environmentally sound land management while strengthening farm income. The 2001 budget includes resources to:

- ! Reform crop insurance to protect producers from lower prices and production losses.** The Administration proposes to reform the Crop Insurance Program as part of its Farm Safety Net Initiative. Included in this proposal is an extension of the premium discount available for the 1999 and 2000 crops to encourage producers to purchase higher levels of coverage. The Administration's reform proposal will also include provisions to establish multi-year coverage, provide risk management education, conduct more research and development, conduct a pilot program for insuring livestock and remove the area-wide trigger requirement for non-insured payment assistance. (See page 5.)
- ! Provide farm credit assistance to over 38,500 farmers in 2001.** The budget proposes a total loan level of \$4.6 billion for direct and guaranteed farm loans. In particular, \$128 million in funding for direct farm ownership loans will support loans to help over 1,200 farmers purchase or develop a farm in 2001, and \$700 million in funding for direct farm operating loans will provide credit assistance to over 14,000 farmers. At least 20 percent of

MISSION AREA HIGHLIGHTS

direct farm ownership loans and 13 percent of direct farm operating loans will be targeted to socially disadvantaged farmers. (See page 28.)

- ! **Continue efforts to improve agricultural trade by providing a total program level of nearly \$5.8 billion for the Department's international programs and activities.** This includes a program level of \$3.8 billion for the CCC export credit guarantee programs, \$120 million for market development programs including the Market Access Program and Cooperator Program, \$478 million for the Export Enhancement Program and \$66 million for the Dairy Export Incentive Program. The budget also provides a total program level of just over \$1 billion for P.L. 480 foreign food assistance programs, which is expected to provide approximately 2.9 million metric tons of commodity assistance in 2001. Increased funding is proposed for the Foreign Agricultural Service (FAS) to open three new Agricultural Trade Offices and to expand market access compliance and negotiation activities. (See page 39.)
- ! **Continue to maintain strong farm income assistance programs including implementation of the emergency and market loss assistance programs authorized by the Congress in 1999 and propose new improved programs.** These programs are funded through the CCC. CCC farm income support outlays totalled \$16.9 billion in 1999 and are projected to exceed \$24.6 billion in 2000, and then decline to about \$15.3 billion in 2001. However, substantial additional assistance is proposed to improve the safety net. Outlays for emergency spending authorized in the appropriations legislation totalled nearly \$9.0 billion in 2000. (See page 4.)

RURAL DEVELOPMENT

The Rural Development (RD) mission area helps to improve the quality of life for rural Americans and to create opportunities for rural businesses and cooperatives to compete in the global marketplace. RD provides financial and technical assistance to help individuals, local communities and rural businesses, concentrating on those with the greatest need. These opportunities include decent, safe, affordable housing, establishment of rural businesses and community facilities, development of modern and affordable water and waste services, and installation of electric and telecommunications services.

The budget provides almost \$13 billion for direct loans, loan guarantees, grants, and technical assistance – \$1.3 billion more than the 2000 level. This level will support almost 200,000 jobs. Highlights of the request include:

- ! **Funding to support the President's National Homeownership Initiative by making almost 64,000 more homeownership opportunities available in rural America.** The budget requests \$1.3 billion in direct loans and \$3.7 billion in guaranteed loans for decent, safe, affordable single family housing – nearly \$640 million more than was provided in 2000. A total of \$50 million is proposed for Farm Labor Programs, \$3 million more than provided in 2000. This funding will improve the availability and quality of housing for one of the most poorly housed groups in the country. (See page 52.)
- ! **Continuing support for the water and waste disposal program.** Continuation of the program is consistent with the President's Water 2000 Initiative which is designed to ensure

MISSION AREA HIGHLIGHTS

that all rural households have access to clean running water. The budget includes \$648 million in budget authority for this program, \$42 million more than 2000. The additional budget authority and greater emphasis on loans is expected to provide for over a \$300 million increase in program level. The program will provide over 1 million rural residents with safer and cleaner drinking water and about 700,000 with waste disposal services. (See page 50.)

- ! **Business and industry loan funding to create or save over 40,000 jobs in rural America.** Funding levels of nearly \$1.3 billion in guaranteed loans and \$50 million in direct loans reflect the emphasis that this Administration is giving to ensuring that there are more job opportunities in rural America. (See page 55.)

FOOD, NUTRITION, AND CONSUMER SERVICES

This mission area works to improve the nutritional levels of Americans and provides direct support to improve food security for low-income families. The 2001 budget requests \$36.3 billion for nutrition assistance programs for needy Americans. The budget request fully funds the expected needs of the Food Stamp, Child Nutrition, and Special Supplemental Nutrition Program for Women, Infants and Children (WIC) programs. The requested funding level guarantees the nutrition safety net to ensure that all needy Americans, especially children, have access to food and nutrition assistance. The budget includes:

- ! **Funding to support 18.9 million Food Stamp participants. Legislative proposals are being submitted which would restore Food Stamp eligibility to legal immigrants who entered the U.S. before August 22, 1996, and who have since reached the age of 65 or live in households with eligible children. Both of these legislative proposals would be fully implemented by 2003.** The 2001 budget funds the Food Stamp Program at a program level of \$21.2 billion, an increase of \$1.4 billion above 2000. The budget will allow the Department to continue its efforts in aggressively fighting error and fraud and implementing the Electronic Benefit Transfer (EBT) system. Additional funding is requested for a food stamp nutrition education and program information initiative to inform eligible non-participants of the availability of food stamp benefits. Also funded in this request is the Food Distribution Program on Indian Reservations, Nutrition Assistance for Puerto Rico, Nutrition Assistance to American Samoa, and the Community Food Projects. (See page 58.)

- ! **\$10.4 billion for Child Nutrition Programs, including \$6 million to complete funding for the pilot project to evaluate providing breakfasts to all children regardless of income.** This includes funds to provide for additional meals in child care and after school settings as authorized by the William F. Goodling Child Nutrition Reauthorization Act of 1998. This level provides for increases in participation and food inflation costs. Funding for nutrition, education and training is requested to provide training for school food personnel in food service management, instructing teachers in nutrition education and teaching children about the relationship of nutrition to health in order to assist them in making wise food choices. The budget continues funding for strengthened education efforts on food safety in school meals as part of the President's Food Safety Initiative. (See page 58.)

MISSION AREA HIGHLIGHTS

- ! **Funding for the WIC Program to support a monthly average of 7.4 million participants with an objective of reaching 7.5 million participants by the end of the year.** The request reflects an increase of \$137 million for the WIC Program for a total program level of \$4.3 billion. The budget requests \$14 million for infrastructure funding, an increase of \$4 million over 2000. Of this amount \$6 million is requested for EBT systems development and \$8 million is available to meet other infrastructure needs such as breastfeeding promotion, and special State projects that are designed to help improve the delivery of WIC services. (See page 59.)
- ! **A \$5 million increase to expand the Farmers' Market Nutrition Program to additional States and Tribal Organizations and to serve additional participants within the 39 States and Tribal Organizations already participating.** The Farmers' Market Nutrition Program (FMNP) provides WIC participants access to fresh fruits and vegetables and expands the awareness and use of farmers' markets to consumers. The FMNP is now operational in 39 State agencies, including 4 Indian Tribes, Guam, and the District of Columbia. In 1998, the FMNP provided coupons to 1.3 million WIC participants. The participants redeemed their coupons at 1,529 authorized Farmers' Markets, providing revenue to 9,589 small family farmers. The 2001 budget proposes a total of \$20 million within the Commodity Assistance Programs account for this program. (See page 60.)
- ! **Funding to initiate a new Colonias Initiative to promote nutrition assistance, health care, and job training and placement to eligible participants.** USDA proposes that a new Colonias Initiative begin in 2001 and be funded at \$5 million within the Food Program Administration (FPA) account. A portion of the USDA's Rural Development Program loans and grants are also targeted to the Colonias. This is a Federal-State pilot program to improve nutrition and health in the Colonias located near the Mexican border in Texas, New Mexico, Arizona and California. (See page 61.)

FOOD SAFETY

This mission area ensures that the Nation's meat, poultry and processed egg product supply is safe, wholesome and properly labeled, and oversees the work of the U.S. Manager for Codex Alimentarius (a commission that develops international food safety standards). The Administrator of the Food Safety Inspection Service (FSIS) was recently elected to serve a two year term as Chairman of the Codex Alimentarius Commission. The meat and poultry inspection system is being modernized through the implementation of the final rule on Pathogen Reduction-HACCP Systems. Both industry and USDA have worked hard to successfully implement HACCP in all meat and poultry establishments. HACCP was fully implemented in January, 2000, after very small plants were required to have HACCP plans in place. The 2001 budget requests resources to ensure that demands for inspection services can be met while implementing HACCP-based inspection procedures and continuing to make advances in reducing the risk of foodborne illness made under the President's Food Safety Initiative. The budget is also proposing legislation to cover the full cost of providing Federal inspection through user fees. The budget includes resources to:

- ! **Implement HACCP-based inspection procedures.** Currently, FSIS is examining how to redefine the functions of inspection personnel under a HACCP-based food safety system.

MISSION AREA HIGHLIGHTS

By July 1, 2001, FSIS will begin to implement new slaughter inspection models in 100 poultry broiler establishments that shift the responsibility from FSIS to establishments for segregating animals suitable for food from those not suitable for food under HACCP and other process controls. To take full advantage of the new system, FSIS will need to increase compensation and training of personnel for assuming greater responsibility for the oversight and verification of process control systems and to relocate them to areas of greatest need. Offsetting these costs are savings resulting from an anticipated reduction of other-than-permanent full-time inspection personnel not needed to conduct inspection functions under traditional inspection system configurations. In addition, FSIS will also implement daily, unscheduled inspection in processing establishments by April 1, 2001, rather than conducting inspection during each shift. Implementation of daily randomized processing inspection practices in 2001 will mean better utilization of inspection personnel, with a reduced need for inspection services on an overtime basis and 150 fewer inspection staff years, saving the industry \$19 million in overtime charges.

- ! **Enhance the implementation of the Pathogen Reduction-HACCP systems rule.** In order to ensure that all establishments are meeting HACCP requirements, FSIS will increase the number and intensity of comprehensive reviews of State and foreign inspection programs to determine if they are equivalent with Federal requirements. The implementation of HACCP and other regulatory reforms has placed increased demands on supervisors and inspectors for learning new processes that have increased the complexity of inspection activities. In order to ensure that these new functions are uniformly and effectively applied, meetings with inspectors are needed to address concerns and questions inspectors may have regarding verification of HACCP systems, process control systems, and pathogen testing. The budget will also provide FSIS the resources needed to accelerate regulatory reform through the modification and elimination of regulations not compatible with HACCP. (See page 64.)
- ! **Continue efforts aimed at reducing the risk of foodborne illness under the President's Food Safety Initiative.** Further investment in improving food safety will be used to: (1) promote the adoption and enforcement by State agencies of uniform performance standards for commercial handling of inspected meat and poultry products from processing to consumers, (2) promote the adoption of National uniform laboratory standards by Federal, State, and local governments for testing meat and poultry products, (3) implement the Shell Egg Action Plan, (4) conduct risk assessment studies of *Listeria* and *Campylobacter*, and (5) provide training to State governments to facilitate the interstate shipment of State inspected products. (See page 65.)

NATURAL RESOURCES AND ENVIRONMENT

The Natural Resources and Environment mission area promotes conservation and sustainable use of natural resources on the Nation's private lands through education, technical and financial assistance. The mission area is also responsible for meeting public demands for recreation, timber and other goods and services through management of approximately 192 million acres of National Forests and Grasslands. The Administration is committed to preserving natural resources for future generations through assistance to farmers, ranchers and other private landowners and through sound management of public lands. The budgets for NRCS and FS programs include resources to:

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- ! **Protect productive farmland, preserve wildlife habitat, and enhance farm family income as part of the President's Farm Safety Net Initiative.** The NRCS budget includes an additional \$1 billion over authorized levels for conservation programs as part of the President's Farm Safety Net Initiative. Within this amount, \$213 million will be used to increase enrollment in the WRP to 250,000 acres annually. Another \$65 million is proposed for the FPP, which would be reauthorized to provide State, local, tribal governments with matching funds for the purchase of permanent conservation easements on farmland threatened by development. Also, \$50 million would be used to annually fund the WHIP which offers cost-share assistance to farmers and landowners for habitat restoration and technical assistance. The budget also proposes an increase of \$151 million, for a total program level of \$325 million, for EQIP which provides financial, technical and educational assistance to help landowners address serious challenges impacting soil, water and related natural resources. Finally, the Farm Safety Net Initiative also includes the CSP, a new \$600 million effort administered by NRCS that will provide annual payments to farmers and ranchers who implement such conservation practices as residue and nutrient management and environmentally sound grazing. Additional funding for technical assistance to implement the conservation programs is also proposed. (See page 4.)
- ! **Provide additional technical and financial assistance to enhance the conservation of natural resources, including water quality improvements under the President's Clean Water Action Plan.** An increase of \$86 million is proposed for Conservation Technical Assistance, for a total of \$654 million in 2001. A portion of the increase will support additional technical assistance to operators of animal operations to help them develop and implement waste management plans. The proposal to increase EQIP funding is also a key part of the Clean Water Action Plan, as it will provide much-needed financial assistance to producers to reduce agricultural runoff, particularly animal feeding operations. (See page 69.)
- ! **Preserve open space, and support smart growth as part of the President's Lands Legacy Initiative.** The USDA budget includes \$236 million as part of the President's \$1.4 billion Lands Legacy Initiative. Within this amount, \$130 million will fund acquisition of lands valuable for recreation, wildlife habitat and watershed protection in the National Forests. Three Cooperative Forestry Programs within State and Private Forestry account for \$106 million of the Initiative. The Forest Legacy Program contributes \$60 million to the initiative, which will be used for the acquisition of land or interests in land through easements in order to protect critical forest land threatened with development. The Urban and Community Forestry Program contributes \$40 million to the initiative, which will be used to provide grants to States and localities to establish, maintain, or expand urban and community forests and related open spaces that serve to support viable communities and neighborhoods. A new Smart Growth Partnership Program will provide \$6 million in budget authority for subsidized loans to help communities protect open spaces, limit sprawl and enhance air and water quality. In addition to the \$1.4 billion in discretionary Lands Legacy funds, the budget also proposes \$65 million in mandatory funds for the NRCS FPP to share with State, local, and tribal governments the costs of acquiring easements to limit conversion of agricultural lands to non-agricultural uses. (See page 8.)
- ! **Enhance the ability of the National Forest System to meet multiple demands.** A total of \$1.3 billion is proposed for management of the National Forests, including \$220 million for timber sales to support a sales offer level of at least 3.2 Billion Board Feet (bbf) depending on salvage sales volume. This funding includes survey and management activities in the

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Pacific Northwest. In 2000, 3.6 bbf will be offered for sale. A funding increase of \$83 million for Planning, Inventory and Monitoring is included. The increase includes funds for forest land management planning, and wildlife and resource inventory and monitoring. These funds provide for 34 forests to begin or continue their forest plan revision process so that they incorporate the latest science, management practices and public expectations. Also included in this account are funding increases of \$46 million for recreation and wilderness management (including \$30 million for a Tourism and RD Initiative), \$21 million to improve wildlife and fish management, and \$4 million for Soil, Water and Air to support watershed improvements. (See page 74.)

- ! **Provide the necessary scientific foundation for sound management of public forest and rangelands.** Forest and Rangeland Research is funded at \$231 million which is an increase of \$13 million over 2000. Additional funds will support the President's Initiatives in Global Climate Change, Climate Change Technology, Partnership for Advanced Technology in Housing, and Bioenergy/Biobased Products.

MARKETING AND REGULATORY PROGRAMS

The mission of the Marketing and Regulatory agencies is to expand the domestic and international marketing of U.S. agricultural products and to protect the health and care of animals and plants. These programs improve market competitiveness and the farm economy for the overall benefit of both consumers and American agriculture. The budget proposes funding to:

- ! **Protect American agriculture from plant pests and animal diseases.** The APHIS program level request of \$645 million includes \$240 million for Agricultural Quarantine Inspection (AQI) activities, the front-line defense to protect American agriculture from imported diseases and pests. The budget includes an increase of \$55 million to continue emergency operations to eradicate Mediterranean fruit fly, Citrus Canker, and Asian Long-horned beetle infestations. An increase of \$9 million is requested to address the growing environmental and economic threat posed by invasive species. By strengthening the Nation's animal health monitoring and surveillance and plant pest detection and exclusion activities, the Department can reassure U.S. trading partners of its commitment to pest and disease control. These efforts will help open new export markets and strengthen the domestic and international marketability of U.S. grains, fruits and vegetables, livestock and poultry. (See page 83.)
- ! **Expand economic and trade opportunities for agricultural producers.** A total program level of \$270 million is requested for the Agricultural Marketing Service (AMS) which includes \$29 million, a \$7 million increase for market news reports to expand coverage of foreign markets, expand market reporting on organic production, and to continue mandatory reporting on livestock and poultry markets begun in 2000. An increase of \$1 million is requested for the Pesticide Data Program to test for residues in drinking water. An increase of \$0.7 million is requested for the Organic Certification Program to implement the 1990 authority. Also, an increase of \$0.3 million is requested to evaluate alternative marketing development strategies for small farmers. (See page 87.)

The Grain Inspection, Packers and Stockyards Administration (GIPSA) program level request of \$76 million includes \$57 million for grain inspection. It includes an increase of nearly \$2 million to develop uniform assessments of biotech grains and an increase of \$150,000 to resolve international trade disputes. The GIPSA budget also addresses Packers

MISSION AREA HIGHLIGHTS

and Stockyards Act issues regarding fair and competitive marketing of livestock and poultry. The \$19 million request includes increases of \$4 million to improve the investigative capability for identifying anti-competitive behavior, evaluating the competitive structure of the poultry industry, providing rapid response teams and enhancing outreach and information efforts. (See page 90.)

RESEARCH, EDUCATION, AND ECONOMICS (REE)

The agencies of the REE mission area provide critical research and development, technology, extension, statistical information, analyses, and technical transfer capabilities and support for higher education which are essential to ensuring sound science is available to assist program managers and other decision-makers dealing with the agricultural and natural resource systems. REE programs address serious issues facing agriculture by developing tools needed to ward off any potential threats to agricultural productivity such as those posed by pests and diseases of U.S. and foreign origin, to produce high quality foods that are safe and nutritious, and to ensure an adequate supply of personnel highly trained in natural resource and agricultural sciences and technology. The economic and statistical data and analyses developed by REE agencies provide information on a wide range of topics related to global competitiveness, agricultural productivity, trade issues, and rural development. These analyses directly contribute to sound policy-making, management, and marketing decisions. Highlights in the REE budget include:

- ! **Prevent and control exotic diseases and pests that threaten U.S. agriculture.** There are major threats to U.S. agriculture resulting from exotic diseases, invasive species, and pests that can seriously afflict agricultural crops and livestock, causing billions of dollars in damage. Increases totaling \$47 million are proposed to fund critical research at ARS and university laboratories, and other research institutions. Key programs include \$10 million proposed in the ARS budget for research to expand diagnostic capabilities to help prevent chemical or biological terrorism acts against the U.S. agricultural and food system. The budget also includes an increase of \$6 million to develop the tools needed to address prevention, control and eradication of invasive species. By utilizing proposed increases totaling \$25 million, an emphasis also will be placed on developing pest control alternatives to replace chemical pesticides that are likely to be taken off the market due to stricter registration requirements imposed by the Food Quality Protection Act (FQPA).
- ! **Accelerate the development, production, and commercialization of biobased products.** Scientific advances in bioenergy and biobased products research and technology have created enormous potential to develop markets for agriculture and forestry products, new economic opportunities for rural America, enhance U.S. energy security, and protect the environment. The budget includes increases of nearly \$24 million for biobased products research to improve technology for the conversion of agricultural materials and feedstocks into biofuels, enhance the development of biobased materials from agricultural commodities, and expand the development of useful components and feedstocks for new biobased products.
- ! **Develop and transfer to producers sound production practices to protect the environment.** There is a need to better understand how certain agricultural production practices impact the environment, and how environmental changes such as increased temperatures, and atmospheric variations, impact food production. Additional funding is provided to study ways to reduce nonpoint source pollutants that contribute to environmental degradation, such as harmful algal blooms and hypoxia. Funds are also provided to develop

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new ways to increase carbon storage in soils and to determine ways to predict and mitigate climate change impacts on agriculture. Areas of focus also include efforts to expand the use of biomass for energy sources and to reduce emissions and odors resulting from agricultural production.

- ! **Expand higher education capacity in agricultural and food sciences.** The research and education agenda of the future depends on a highly trained pool of qualified scientists, engineers, and technical specialists. The CSREES budget provides an increase of nearly \$9 million for higher education activities carried out at the 1862, 1890 Historically Black, and 1994 Tribal land-grant universities, and other minority-serving institutions to enhance curricula and faculty development, and to provide financial support to students. An additional \$2.5 million is also added to the principal balance of the Native American Institutions Endowment Fund to strengthen instructional programs and to support facility renovation and construction projects carried out at Tribal colleges.
- ! **Bolster local food systems to fight hunger.** Despite recent increases in income in the U.S., hunger and malnutrition continue to afflict the Nation's more vulnerable individuals. The CSREES budget provides \$5 million in new funding to support community-based activities to bolster local food systems to fight hunger. The increase will be used to assist small and medium-sized producers to sell food directly to local school districts and other larger institutions, enable low-income residents to grow their own food, and increase food recovery and gleaning efforts to recover excess and wholesome food available for distribution.
- ! **Conduct research on structural changes and market concentration taking place in the agricultural sector.** The budget includes an increase for the Economic Research Service (ERS) of \$1 million to identify ways rural communities and small farmers can remain viable under these changing sector conditions. Increased funding will enhance USDA's ability to measure and analyze changes in concentration, and to provide technical assistance to the Department of Justice regarding expected impacts of merger activity.

DEPARTMENTAL ACTIVITIES

USDA's staff offices provide a variety of essential support to Department employees to ensure their success in providing effective customer service and efficient program delivery. An overarching principle of USDA operations is effective management of human, capital, information, and other infrastructure resources. Selected highlights include funding and actions to:

- ! **Ensure the achievement of the Secretary's Civil Rights goals.** Civil Rights continues to be one of the Secretary's highest priorities. There are a number of ongoing activities at the Department level and within the agencies to support this priority. In addition, the budget includes a number of proposed funding increases to support USDA civil rights activities. For example:
- \$ The Equal Employment Opportunity Commission recently required agencies to institute Alternative Dispute Resolution (ADR) programs to help resolve equal employment opportunity complaints at an early stage. In addition, the Secretary has directed that all employees make appropriate use of ADR techniques to resolve workplace disputes. Additional funding is requested to increase the Department's capability to more efficiently and effectively resolve workplace conflicts, including equal employment opportunity

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complaints, through an expanded ADR program that will be jointly administered by the Office of Civil Rights and the Conflict Prevention and Resolution Center.

- \$ The Department's Office of Outreach was established to provide leadership and coordination for all USDA outreach activities to assure that all eligible customers have access to USDA programs and services. The 2001 budget proposes additional grant funding for organizations that will provide intensive training and management assistance to socially disadvantaged farmers and ranchers in order to help these producers operate independently and maintain financial solvency.
- C The Department's Office of Small and Disadvantaged Business Utilization was created to provide maximum opportunity for small, small disadvantaged and small women-owned businesses to participate in USDA's contracting activities. Additional funding is proposed for a Small Business Education and Development Pilot Program that will help the Office: (1) demonstrate strategies for the growth and stability of small businesses in rural America; (2) identify new markets for agricultural products of small, limited-resource farmers; and (3) deliver educational and technical resources to sustain economic growth and development.
- ! **Implement a Cyber Security Program to protect USDA's information technology systems.** The budget includes an increase of \$6.6 million to address what is being referred to throughout the public and private sectors as the top information technology (IT) priority for the next several years. Strengthening the security of information on computer systems at USDA is integral to the process of expanding electronic commerce initiatives designed to provide customers a quick and easy way of conducting business with the Department. As such, the Office of the Chief Information Officer (OCIO) will build on current information security policies by developing and implementing a comprehensive cyber security plan.
- ! **Streamline and provide modern technology for the county offices.** The Department continues to implement major changes in the county-based field agencies in order to efficiently use declining resources and to improve customer service. The Department has co-located field offices of the county-based agencies (Farm Service Agency (FSA), NRCS, and RD) to create one-stop USDA Service Centers. These offices now have a common telecommunications network that will allow efficient e-mail, records transfer, and voice communications to provide for better customer service. The 2001 budget builds on this progress with a request for \$75 million to continue implementation of a Common Computing Environment (CCE) that will optimize information sharing, customer service, and staff efficiencies. Under the oversight of the Chief Information Officer, these funds will be used to replace separate, incompatible, and aging systems with a single, integrated, and modern information system. Funds in the individual agency budgets will support the reengineering of business processes, data acquisition for geographic information systems, and training needed to maximize the benefits of this technology as well as support the legacy systems until the CCE is in place. (See page 111 for more details on the CCE Initiative.)
- ! **Improve financial management and reporting.** The budget includes an increase of \$1.5 million for the Office of the Chief Financial Officer's (OCFO) activities. This increase will support efforts to establish sound business practices and reliable systems that produce accurate and timely performance and financial data. These efforts include expanding departmental use of a new, integrated financial management system (the Foundation Financial Information System) and ensuring that all agencies, including the OCFO, develop and retain a level of expertise to ensure the effective and efficient use of financial management information.

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- ! **Provide a safe and effective working environment for USDA employees and clients.** In 2001, the Department is requesting \$26 million for the continued renovation of the South Building. The South Building is nearly 70 years old and is in dire need of repair to address electrical malfunctions, poor air quality, lead paint, and numerous code violations. Renovation is essential to avoid further deterioration of the building and its major systems, eliminate serious fire and health hazards, and provide modern, efficient mechanical and electrical systems. The South Building renovation project is a critical part of the 10-Year USDA Washington Area Strategic Space Plan, which seeks to reduce USDA's facilities' costs by moving all headquarters employees into modernized, government-owned workspace.
- ! **Protect human health and the environment by accelerating cleanup efforts at contaminated sites under USDA jurisdiction, custody, and control.** The 2001 budget includes an increase of \$14.4 million for USDA's Hazardous Materials Management Program. This program provides for compliance with legislation requiring the cleanup of sites contaminated by hazardous wastes and the responsible management of hazardous materials. The USDA Hazardous Materials Policy Council oversees efforts and is responsible for setting policy across the Department, establishing priorities for the use of funds, and serves as a clearing house for information on program issues. Funding will accelerate cleanup and investigation efforts and continue a proactive approach in negotiating agreements with outside parties responsible for the contamination of sites that are now under USDA's jurisdiction. These activities will further Departmental efforts to protect public health by continuing progress toward the goal of cleaning up all contaminated sites under its jurisdiction by 2045.

FUND FOR RURAL AMERICA

The Agricultural Research, Extension, and Education Reform Act of 1998 (P.L. 105-185) extended authorization for the Fund for Rural America through October 1, 2002, but reduced the amount to be available annually for the Fund to \$60 million beginning in 1999. The Secretary allocated \$40 million of the available \$60 million funding in 2000 to support outreach for socially disadvantaged producers, water and waste grants, farm labor housing grants, and other ongoing rural development activities. Another \$20 million was provided for research focused on minority land and community security, food entrepreneurship, manure and animal waste management, site-specific resource management, and rural people in forest communities. The Department's 2001 budget includes \$60 million for additional rural development and research activities.

FARM AND FOREIGN AGRICULTURAL SERVICES

MISSION

The mission of the Farm and Foreign Agricultural Services (FFAS) area is to ensure the well-being of U.S. agriculture through delivery of commodity, credit, conservation, insurance, and export programs. FFAS agencies include the Farm Service Agency (FSA), the Risk Management Agency (RMA), and the Foreign Agricultural Service (FAS). The Commodity Credit Corporation (CCC) is the source of funding for most of the conservation and commodity programs administered by FSA and the export programs administered by FAS.

FARM SERVICE AGENCY (FSA)

Program Level (Dollars in Millions)			
Program	1999 Actual	2000 Current Estimate	2001 Budget
Farm Loan and Grant Programs.....	\$3,941	\$5,842	\$4,562
Commodity Programs.....	24,767	33,330	24,725
Conservation and Other Programs.....	1,492	1,660	1,742
Salaries and Expenses.....	1,009	1,062	1,095
Total, FSA.....	\$31,209	\$41,894	\$32,124

FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency
Farm Loan and Grants Programs
Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1999		2000		2001	
	<u>Actual</u>		<u>Estimate</u>		<u>Budget</u>	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Farm Operating Loans:						
Guaranteed Unsubsidized.....	\$1,251	\$14	\$2,121	\$30	\$2,000	\$28
Guaranteed Subsidized.....	525	46	919	81	478	39
Direct.....	789	54	935	55	700	63
Total, Operating Loans.....	2,565	114	3,975	166	3,178	130
Farm Ownership Loans:						
Guaranteed Unsubsidized.....	774	12	1,002	5	1,000	5
Direct.....	170	26	178	7	128	14
Total, Ownership Loans.....	944	38	1,180	12	1,128	19
Emergency Loans.....	330	78	583	91	150	37
Indian Land Acquisition Loans.....	0	0	1	a/	2	a/
Boll Weevil Eradication.....	100	1	100	0	100	0
Subtotal, Farm Credit Programs.....	3,939	231	5,839	269	4,558	186
State Mediation Grants.....	2	2	3	3	4	4
Total, Farm Loan and Grants Programs..	\$3,941	\$233	\$5,842	\$272	\$4,562	\$190

a/ Less than \$0.5 million.

FARM AND FOREIGN AGRICULTURAL SERVICES

The 2001 budget provides \$4.6 billion for farm loans. For 2000, a total program level of \$5.8 billion is available, including a \$2.6 billion supplemental appropriation. The supplemental funding will reduce the backlog of farm loan applications that has resulted from the economic downturn and numerous natural disasters in recent years.

Continuing a trend of the last decade, a higher proportion of borrowers will be served through guaranteed loans rather than direct loans. Guaranteed loans have lower subsidy costs and are serviced by private lenders. Guaranteed farm operating loans are commonly used by private lenders to continue serving borrowers who become higher credit risks due to economic adversities. Guaranteed farm ownership loans are a critical source of credit for some borrowers because they allow real estate equity to be used to restructure short term debt. To facilitate participation in the guaranteed loan programs, FSA recently revised its guaranteed loan regulations in order to streamline the process. In addition, emphasis will continue to be placed on providing outreach and credit assistance to socially disadvantaged farmers. As required by statute, a portion of both direct and guaranteed farm operating and ownership loan funds are targeted to socially disadvantaged borrowers based on county level demographic data. Although targets vary by loan program and county, on average about 14 percent of loan funds are targeted to socially disadvantaged borrowers.

For farm operating loans, the 2001 budget provides \$700 million for direct loans and \$2.5 billion for loan guarantees. These loan levels will serve an estimated 31,000 farmers, about 14,500 of whom will receive direct loans. The availability of farm operating loans provides farmers with short term credit to finance the costs of continuing or improving their farming operations, such as purchasing seed, fertilizer, livestock, feed, equipment and other supplies. Thirty five percent of direct farm operating loans and 40 percent of guaranteed farm operating loans are reserved for beginning farmers.

For farm ownership loans, the 2001 budget maintains funding for guaranteed loans at \$1 billion. Funding for direct farm ownership loans would decrease from \$178 million in 2000 to \$128 million in 2001. The magnitude of this reduction reflects the fact that there was some unused carryover in 2000. The 2001 loan level would provide almost 6,000 people with the opportunity to either acquire their own farm or to save an existing one. About 1,250 borrowers would receive direct loans and 4,500 would receive guaranteed loans. Seventy percent of direct farm ownership loans and 25 percent of guaranteed farm ownership loans are reserved for beginning farmers. About 35 percent of direct farm ownership loans are made at a reduced interest rate to limited resource borrowers, who may be beginning farmers.

The budget also provides funding for emergency loans, Indian land acquisition loans, and the Boll Weevil Eradication Loan Program. Due to numerous natural disasters, demand for emergency disaster loans has been very high in recent years resulting in the need for supplemental appropriations. The request for emergency loans for 2001 is \$150 million which

FARM AND FOREIGN AGRICULTURAL SERVICES

reflects funds to accommodate proposed expanded eligibility to larger farms, through Treasury rate loans, to close the eligibility gap with Small Business Administration emergency loans. The 2001 requested level would avoid the need to rely on supplemental funding which causes delays in providing emergency loan assistance to family farmers affected by natural disasters.

Funding for State Mediation Grants is increased from \$3 million in 2000 to \$4 million in 2001. Mediation benefits family farmers, including many low-income and socially disadvantaged farmers, who, because of mediation, are often able to resolve credit and other issues and remain on the farm. The increased funding will be used to support mediation programs in the 22 States certified in 1999, as well as any additional States that are expected to gain certification by 2001. Increased funding will also support the expansion of the program to other agricultural issues. Several States have expressed interest in establishing new programs or expanding their existing programs. This program also supports the Vice President's National Performance Review Initiative to achieve savings through the use of alternative dispute resolution.

FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency Commodity Credit Corporation (Dollars in Millions)

Program	Program Levels			Net Outlays		
	FY 1999	FY 2000	FY 2001	FY 1999	FY 2000	FY 2001
Commodity Programs:						
Price Support and Marketing						
Assistance Loans.....	\$8,358	\$9,399	\$9,257	\$1,455	\$1,673	\$1,079
Production Flexibility Contracts.....	5,476	5,049	4,057	5,476	5,049	4,057
Loan Deficiency Payments.....	3,360	7,222	6,374	3,360	7,222	6,374
Market Loss Assistance Payments.....	3,011	6,062	0	3,011	6,062	0
Supplementary Income Assistance						
Payments.....	0	600	2,464	0	600	2,464
Noninsured Assistance Payments.....	54	185	196	54	185	196
Disaster Assistance.....	2,264	1,813	2	2,264	1,813	2
Farm Storage Facility Loans.....	0	350	150	0	10	4
Other Direct Payments.....	277	501	355	277	501	355
Purchases and Sales.....	1,358	964	682	618	239	(51)
Interest Expenditures.....	303	687	768	210	627	704
Other.....	306	498	420	198	634	74
Total, Commodity Programs.....	24,767	33,330	24,725	16,923	24,615	15,258
Conservation Programs:						
CRP Program Payments.....	1,462	1,610	1,742	1,462	1,610	1,742
Conservation Security Program.....	0	0	600	0	0	600
Environmental Quality Incentives.....	170	174	325	128	161	190
Wetlands Reserve Program.....	123	176	289	157	210	222
Farmland Protection Program.....	0	0	65	7	10	7
Total, Conservation Programs.....	1,755	1,960	3,021	1,754	1,991	2,761
Export Programs:						
Export Credit.....	3,045	3,787	3,792	148	46	317
Market Access Program.....	90	90	90	114	132	96
Foreign Market Development						
Cooperator Program.....	0	28	28	0	28	28
Quality Samples Program.....	0	2	2	0	2	2
Export Enhancement Program.....	1	579	478	1	579	478
Dairy Export Incentive Program.....	145	119	66	127	132	91
Section 416(b) Donations a/.....	428	75	--b/	290	261	131
Food for Progress Program.....	101	131	118	82	124	124
Other.....	20	18	19	18	20	20
Total, Export Programs.....	3,830	4,829	4,593	780	1,324	1,287
Subtotal, CCC.....	30,352	40,119	32,339	19,457	27,930	19,306
Pre-credit Reform Loan Repayments....	0	0	0	(234)	(315)	(328)
Total, CCC.....	\$30,352	\$40,119	\$32,339	\$19,223	\$27,615	\$18,978

FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency Commodity Credit Corporation (Dollars in Millions)

Program	Program Levels			Net Outlays		
	FY 1999	FY 2000	FY 2001	FY 1999	FY 2000	FY 2001
Recap:						
On-Budget.....	\$24,501	\$31,516	\$32,339	\$13,935	\$18,898	\$18,978
Emergency.....	5,851	8,603	0	5,288	8,717	0
Total, CCC.....	\$30,352	\$40,119	\$32,339	\$19,223	\$27,615	\$18,978

a/ Value of commodities to be made available under 416(b) are included under purchases and sales.

b/ Level of 416(b) programming to be determined based on availability of uncommitted CCC commodity inventory.

CCC is the source of funding for commodity programs administered by FSA, conservation programs administered by FSA and the Natural Resources Conservation Service (NRCS), and export programs administered by FAS. CCC borrows funds needed to finance these programs from the U.S. Treasury and repays the borrowings, with interest, from receipts and from appropriations provided by Congress.

Changes over the last decade in commodity, disaster, and conservation programs have dramatically changed the level, mix, and variability of CCC outlays. CCC outlays, which reached a record high of \$26 billion in 1986, increased from \$10.1 billion in 1998 to \$19.2 billion in 1999, and are projected to reach a new record high of about \$27 billion in 2000. The increase in spending between 1998 and 2000 is accounted for by higher marketing assistance loan program outlays, expenditures related to the President's Food Aid and other initiatives, and by emergency spending authorized in the enacted appropriations for fiscal years 1999 and 2000. Outlays for emergency spending authorized in the appropriations acts totaled nearly \$5.7 billion in 1999 and about \$9 billion in 2000.

Conservation program outlays represent the second largest major category of CCC expenditures. The 1996 Farm Bill authorized CCC funding for the Conservation Reserve Program (CRP) administered by FSA and the Wetlands Reserve Program (WRP) and several new conservation programs administered by NRCS. The Environmental Quality Incentives Program (EQIP) gives producers incentives to address natural resource concerns. The Farmland Protection Program (FPP) provides for the purchase of easements limiting nonagricultural uses on prime and unique farmland, protecting it from development.

Finally, provisions of the Commodity Credit Corporation Charter Act limit CCC expenditures for computer equipment and cap at the 1995 level total allotments and transfers to Federal and State agencies under Section 11 of that Act for administrative support services.

Limits on CCC expenditures for computer equipment and related activities imposed by the 1996 Farm Bill preclude CCC funding of these services and equipment in 2001. The Department will propose legislation to raise the limit on CCC expenditures for computer equipment. The increase in the cap will cover a portion of FSA's computer operations and maintenance costs for the farm

FARM AND FOREIGN AGRICULTURAL SERVICES

programs. The Department will also propose legislation to expand the EQIP, the WRP, the Wildlife Habitat Incentives Program (WHIP), the FPP, and the CRP to 40 million acres. In addition, a new Conservation Security Program (CSP) will be proposed. The budget also includes a proposal for mandatory funding to provide the additional technical assistance to implement the conservation programs. Additional legislation to improve the farm safety net by extending the Dairy Price Support Program and providing a supplementary income assistance program will be proposed as well.

Farm Service Agency Commodity Program Outlays (Dollars in Millions)

Program	1999 Actual	2000 Current Estimate	2001 Budget
Commodity:			
Feed Grains.....	\$6,169	\$9,774	\$4,921
Wheat.....	3,435	4,095	1,737
Rice.....	911	1,170	625
Upland Cotton.....	1,882	2,697	1,300
Tobacco.....	113	297	(314)
Dairy.....	480	356	108
Soybeans.....	1,289	2,809	3,355
Peanuts.....	21	35	(1)
Sugar.....	(51)	0	1
Honey.....	2	1	(4)
Wool and Mohair.....	10	2	(13)
Other Crops.....	115	372	310
Subtotal.....	14,376	21,608	12,025
Disaster Assistance.....	2,264	1,813	2
Other a/.....	283	484	392
Total, Commodity Programs, CCC Baseline.....	16,923	23,905	12,419
Proposed Legislation.....	0	710	2,839
Total, Commodity Programs.....	\$16,923	\$24,615	\$15,258

a/ Includes working capital interest and operating expenses, reimbursable agreements, equipment, and an adjustment for Food for Progress commodity purchases.

Commodity loan and income support programs are administered by FSA and financed through CCC. These commodity programs were changed dramatically by provisions of the 1996 Farm Bill. In the past, deficiency payments for producers of feed grains, wheat, upland cotton and rice (contract commodities) were tied to market prices and decreased when market prices were high and increased when market prices were low. The 1996 Farm Bill replaced deficiency payments with fixed production flexibility contract payments. The production flexibility contract payments, based on historical program acreage and yields, are set by law for each of the 7 years, from 1996-2002, and do not vary with market prices or current plantings. About 98 percent of the eligible crop acreage base has been enrolled in production flexibility contracts.

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The CCC marketing assistance loan programs for contract commodities and oilseeds have provided producers with some protection against sharp declines in market prices in 1998 and 1999. Marketing assistance loan placements are projected to double between 1997 and 2000. Marketing loan gains and loan deficiency payments increased from negligible levels in 1997 to nearly \$3.4 billion in 1999 and are projected to increase again in 2000 to over \$7 billion in 2000 and expected to remain over \$6 billion in 2001.

Appropriations acts provided about \$5.7 billion of emergency assistance in 1999 and about \$9 billion in 2000 to help farmers cope with some of the lowest commodity prices in many years. The emergency funding included market loss payments of \$3.1 billion in 1999 and \$5.5 billion in 2000 and other compensation for crop and livestock losses funded at nearly \$2.6 billion in 1999 and about \$1.7 billion in 2000. Oilseeds, tobacco and peanut producers were provided nearly \$0.9 billion in emergency assistance in 2000. Emergency assistance for 1999 and 2000 included \$400 million in incentive payments for farmers purchasing crop insurance on 1999 and 2000 crops. The incentive payments underscore the importance of crop insurance programs that will help farmers better manage production risk in the future. The Noninsured Assistance Program (NAP), administered by FSA and funded through CCC, will continue to provide assistance to producers with losses on crops for which insurance is unavailable.

The 1996 Farm Bill also modified CCC loan program provisions for dairy, sugar, and peanuts. The dairy price support program was to be replaced in 2000 with a recourse loan program. However, the emergency assistance legislation extended the dairy price support program until 2001. With respect to sugar, loan forfeiture fees were imposed, and marketing allotments were suspended; however, sugar marketing assessments have been suspended through 2001 by the emergency assistance legislation. The Peanut Program was made no-net-cost (program costs may not exceed program receipts), the minimum National peanut poundage quota was eliminated, and the quota loan rate was reduced. In addition, appropriations legislation for 1999 and 2000 has provided for recourse loan programs for mohair and for honey. The 2000 appropriations legislation extended the upland cotton marketing certificate program and provided for other assistance to cotton producers.

The President's budget for 2001 proposes legislation to improve the farm safety net by offering a supplementary income assistance program to provide crop specific assistance to active producers of eligible crops for the 2000 and 2001 crops. The proposed program would provide payments when prices and revenues fall significantly below historical norms. In addition, an extension of the dairy price support program through 2002 will be proposed to enhance the safety net for dairy producers.

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Farm Service Agency Conservation and Other Programs Program Level (Dollars in Millions)

Program	1999 Actual	2000 Current Estimate	2001 Budget
Conservation Reserve Program.....	\$1,462	\$1,610	\$1,742
Emergency Conservation Program.....	28	50	0
Tree Assistance Program.....	2	0	0
Total, Conservation Programs.....	\$1,492	\$1,660	\$1,742

Conservation Reserve Program (CRP). The CRP is a CCC program administered by FSA. The CRP offers producers annual rental payments for a 10- to 15-year period to remove highly erodible cropland and other environmentally sensitive land from production. Participants also receive cost-share help to establish long-term resource-conserving cover. About 30.2 million acres were enrolled in the program as of the end of fiscal year 1999.

The 1996 Farm Bill authorized funding for CRP from CCC and provided for new signups through 2002 to increase enrollment to a total of 36.4 million acres. The 20th signup will be conducted in January and February 2000. As in past signups, acreage offered for enrollment in the 20th signup will be ranked using an environmental benefits index to ensure acreage with the greatest environmental value is enrolled.

In addition to these scheduled signups, a continuous, non-competitive signup has been underway since September 1996 to enroll land in filter strips, riparian buffers, and similar conservation practices. Acreage enrolled under the continuous signup includes enrollment under the Conservation Reserve Enhancement Program and the National Conservation Buffer Initiative, programs which are designed to target program benefits to achieve specific local and regional conservation goals.

As part of the Administration's Farm Safety Net Initiative, the 2001 budget proposes to increase the CRP enrollment cap by 3.6 million acres to 40 million acres. The budget also proposes to offer bonuses totaling up to \$100 million in 2000 and up to \$125 million each year in 2001 and 2002 to producers who enroll in CRP through the continuous signup, to encourage enrollment of high environmental-value acreage.

The 2001 budget assumes acreage enrolled under these signups will bring CRP enrollment to about 32.3 million acres in 2000, to 35.8 million acres in 2001, and to an eventual enrollment of 40.0 million acres by 2003.

Emergency Conservation Program (ECP). Under this program, the Department shares the cost of carrying out practices to assist and encourage farmers to rehabilitate farmland damaged by natural disasters. In particular, it addresses those problems which if left untreated would: (1) impair or endanger the land; (2) materially affect the productive capacity of the land; (3) be so

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costly to rehabilitate that Federal assistance would be required to return the land to productive agricultural use; and (4) represent damage that is unusual in character and not the type which would recur frequently in the same area. This program is funded through emergency supplemental appropriations. A total of \$28 million was appropriated in 1999 and \$50 million was appropriated in 2000. The budget proposes no funding for the program in 2001.

Tree Assistance Program (TAP). TAP provides cost-share payments to orchard and vineyard growers who replant or rehabilitate orchard trees and vineyards lost to damaging weather, including freeze, excessive rainfalls, floods, droughts, tornadoes, and earthquakes. Trees used for pulp and/or timber are excluded from eligibility for cost-share payments. In 1999, \$2 million of assistance was provided.

Salaries and Expenses. FSA's salaries and expenses account funds all management related activities for FSA programs. FSA also provides administrative support to FAS and to the RMA under a reimbursable agreement.

Supplemental appropriations in both 1999 and 2000 have allowed FSA to avoid reductions-in-force and to hire and maintain additional temporary staff to meet heavy workload needs in the field. The 2001 budget proposes a program level of \$1,095 million estimated to support a ceiling of 5,901 Federal staff years and 10,766 non-Federal staff years. Non-Federal county staff years will decrease from 11,388 in 2000 to 10,766 in 2001 because the temporary staff years needed to carry out programs for crop and market loss assistance will decrease. Permanent non-Federal county staff years will remain the same in 2000 and 2001 at 9,496. The 2001 salaries and expenses budget also includes \$4.3 million for a new accounting system for farm loan programs and for re-engineering of other farm loan program systems. Legislation will be proposed to convert all non-Federal FSA personnel to Federal employee status in 2000.

Farm Service Agency Staff Years			
	1999 Actual a/	2000 Current Estimate a/	2001 Budget
Federal.....	5,709	5,901	5,901
Non-Federal:			
Permanent Full-Time.....	9,490	9,496	9,496
Temporary.....	2,017	1,892	1,270
Total, Non-Federal.....	11,507	11,388	10,766
Total, FSA Staff Years.....	17,216	17,289	16,667

a/ Includes staff years supported by emergency appropriations.

CCC Automated Data Processing (ADP) Cap. The 2001 budget includes mandatory proposed legislation for CCC to cover a portion of FSA's computer operations and maintenance costs for the farm programs. The current level of funding requested to operate and maintain these legacy systems are necessary for FSA to provide necessary and adequate customer service until the

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common computing environment is operational. However, these maintenance costs are high and are growing, given the age of the systems, some of which date to the early 1980's. The current CCC ADP cap is expected to be exhausted in 2000. The budget includes \$35 million per year for these pressing needs in 2001 and 2002.

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RISK MANAGEMENT AGENCY (RMA)

Crop Insurance Program Program Level (Dollars in Millions)

Program	1999 Actual	2000 Current Estimate	2001 Budget
Net Indemnities to Producers:			
Gross Indemnities.....	\$1,988	\$2,417	\$2,461
Producer-Paid Premium a/.....	(775)	(959)	(968)
Total, Net Indemnities.....	1,213	1,458	1,493
Administrative/Delivery and Other Expenses.....	764	710	744
Total, Government Costs.....	1,977	2,168	2,237
RECAP:			
Mandatory Program Level:			
Delivery Expenses.....	495	486	508
Other Federal Expenses.....	4	4	4
Indemnities.....	1,988	2,417	2,461
Total, Mandatory Program Level.....	2,487	2,907	2,973
Discretionary Program Level:			
Administrative and Operating Expenses.....	64	64	68
Subtotal, Program Level.....	2,551	2,971	3,041
Less: Producer Premium.....	(775)	(959)	(968)
Underwriting Gains.....	201	156	164
Total, Government Costs, Current Law.....	\$1,977	\$2,168	\$2,237
2001 Farm Safety Net -- Budget Authority.....	--	--	510
Loss Ratio.....	0.93 b/	1.075	1.075

a/ Producer Paid Premium in FY 1999 reflects the \$430 million premium discount, as authorized by P.L. 105-277. In addition, FY 2000 reflects a \$400 million premium discount, in accordance with P.L. 106-78. The FY 2001 Budget reflects a \$400 million premium discount anticipated as part of the President's Farm Safety Net initiative.

b/ Estimated.

The primary responsibility of the RMA is to administer the Crop Insurance Program. The program provides almost \$30 billion in risk protection on about 190 million acres, which is about 70 percent of the Nation's insurable acres. About one-quarter of the insured acres is covered at the catastrophic (CAT) level, which is 50 percent of approved yield at 55 percent of expected market price. This coverage is available to producers for a modest processing fee with the government providing a 100 percent subsidy of the premium cost. The bulk of insured acres is covered at a level of 65 percent of approved yield and 100 percent of expected market price, for

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which producers pay about half the premium in 2000. The crop insurance program also offers coverage up to 80 percent of approved yield and, in recent years, revenue insurance products that combine the risk of loss from price declines as well as production shortfalls.

The program is administered on behalf of the Federal Crop Insurance Corporation (FCIC), which is an entity subject to a Board of Directors composed of both Government and private sector members. The Board makes decisions relating to the scope and provisions of the program that have an impact on the budget. For example, it approves requests for program expansions, such as the recent development of revenue insurance products.

Crop insurance is delivered to producers through private insurance companies that share in the risk of loss. These companies are reimbursed for their delivery expenses and receive underwriting gains in years of favorable loss experience.

RMA provides overall support, including actuarial and research work, program compliance, and risk management education. For 2001, about \$68 million is being requested for salaries and expenses of RMA, an increase of nearly \$4 million over fiscal year 2000. Of this increase, \$700,000 is to fund Civil Rights Initiatives, \$400,000 is for Automated Data Processing improvements, and \$1.6 million is to fund pay costs. Another \$1 million supports the President's Biobased Products/Bioenergy Initiative. RMA will begin the process of research, analysis, and the development of biobased crop insurance policies for producers who are interested in producing food, feed and fiber for biobased products, such as switchgrass or other biomass to be used for electricity generation.

For crop years 1999 and 2000, the program received emergency funding to provide approximately a 25 to 30 percent discount of the producer's share of premium costs. The Administration proposes to provide similar assistance in 2001 as part of its Farm Safety Net Initiative. Producers have long complained about the high cost of insurance, particularly at the higher levels of coverage that provide meaningful protection. In 1999, they responded in a very positive way to the 30 percent discount by buying-up to these higher levels of coverage. A substantial number of producers moved up, for the first time, from the premium-free CAT coverage level or no coverage at all. The Administration is committed to building on this experience and expects that producers will be encouraged to use crop insurance as part of an overall risk management strategy and not have to rely on emergency funding to meet their needs.

The Administration's reform proposal will also include provisions to establish multi-year coverage, provide risk management education, conduct more research and development, conduct a pilot program for insuring livestock and remove the area-wide trigger requirement for non-insured payment assistance. Removal of this area-wide trigger will allow producers with individual losses on crops for which crop insurance is not offered to receive assistance.

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International Programs and Activities Program Level (Dollars in Millions)

Program	1999 Actual	2000 Current Estimate	2001 Budget
CCC Export Credit Guarantees:			
Short-term Guarantees (GSM-102).....	\$2,955	\$3,501	\$3,501
Intermediate-term Guarantees (GSM-103).....	44	101	101
Supplier Credit Guarantees.....	46	145	150
Facilities Financing Guarantees.....	0	40	40
Total, Export Credit Guarantees.....	3,045	3,787	3,792
Market Development Programs:			
Market Access Program.....	90	90	90
Foreign Market Development (Cooperator) Program.....	28	28	28
Quality Samples Program.....	0	2	2
Total, Market Development Programs.....	118	120	120
Export Subsidy Programs:			
Export Enhancement Program.....	1	579	478
Dairy Export Incentive Program.....	145	119	66
Total, Export Subsidy Programs.....	146	698	544
Foreign Food Assistance:			
Public Law 480.....	1,808 a/	1,229	1,017
Section 416(b) Donations (Ocean Freight and Overseas Distribution Costs).....	428	75	-- b/
Food For Progress c/.....	101	131	118
Total, Foreign Food Assistance.....	2,337	1,435	1,135
FAS Salaries and Expenses	178	169	172
Total, International Programs.....	\$5,824	\$6,209	\$5,763

a/ Includes approximately \$648 million of programming for Russia, which was carried out through a transfer of funds from CCC to P.L. 480 Title I.

b/ Level of Section 416(b) programming to be determined based on the availability of uncommitted CCC commodity inventory.

c/ Includes only that portion of Food for Progress programming supported by CCC funds.

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FOREIGN AGRICULTURAL SERVICE (FAS)

FAS administers a variety of export promotion, food assistance, and foreign market development programs. These activities are instrumental for achieving a primary objective of the Department's strategic plan -- the expansion of global market opportunities for U.S. agricultural producers. Changes in Federal farm policy have made U.S. farmers and ranchers more dependent upon exports to maintain and expand their income, and more vulnerable to shifting conditions in international markets. By helping to maximize export sales opportunities, the export programs help to stabilize prices and incomes and thereby contribute to a greater safety net for U.S. producers.

CCC Export Credit Guarantee Programs. Under these programs, CCC provides payment guarantees for the commercial financing of U.S. agricultural exports. These programs facilitate exports to buyers in countries where credit is necessary to maintain or increase U.S. sales, but where financing may not be available without CCC guarantees.

The budget includes an overall program level of \$3.8 billion for CCC export credit guarantees in 2001, unchanged from the current estimate for 2000.

Of the total program level for export credit guarantees expected to be issued by CCC in 2001, \$3.5 billion will be made available under the GSM-102 program, which provides guarantees on commercial export credit extended with short-term repayment terms (up to 3 years), and \$101 million will be made available under the GSM-103 program, which provides intermediate-term credit guarantees (3 to 10 year repayment terms).

For supplier credit guarantees, the budget includes an estimated program level of \$150 million for 2001. Under this credit activity, CCC guarantees payments due from importers under short-term financing (up to 180 days) that exporters extend directly to the importers for the purchase of U.S. agricultural products. This credit activity is particularly useful in facilitating sales of high value agricultural products.

The budget also includes an estimated program level of \$40 million for facility financing guarantees in 2001. Under this activity, CCC provides guarantees to facilitate the financing of manufactured goods and services exported from the United States to improve or establish agriculture-related facilities in emerging markets. By supporting such facilities, these guarantees enhance sales of U.S. agricultural products to countries where demand is constricted due to inadequate storage, processing, or handling capabilities.

The budget continues the approach, adopted in the 1999 budget, for presenting the annual program levels, budget authority, and outlays for the export credit guarantee programs. These estimates now reflect the actual levels of sales expected to be registered under the programs rather than authorized program levels. The actual level of guarantees to be issued during the course of the year will not be limited by the budget estimates; instead, the annual level of programming will be determined by program demand, market conditions, and other relevant factors, similar to other CCC-funded programs.

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Market Development Programs. FAS administers a number of programs which support the development, maintenance, and expansion of commercial export markets for U.S. agricultural commodities and products. The largest of these is the Market Access Program (MAP). Under this program, CCC funds are used to reimburse participating organizations for a portion of the costs of carrying out overseas marketing and promotional activities, such as direct consumer promotions. Historically, more than 80 percent of MAP funding has been devoted to building export markets for U.S. high value agricultural products. MAP participants include nonprofit agricultural trade organizations, State-regional trade groups, cooperatives, and private companies which qualify as small business concerns under the Small Business Act. The budget provides funding for MAP in 2001 at the maximum authorized level of \$90 million, unchanged from 2000.

Under the Foreign Market Development (Cooperator) Program, cost-share assistance is provided to nonprofit commodity and agricultural trade associations to support overseas market development activities which are designed to remove long-term impediments to increased U.S. trade. These activities include technical assistance, trade servicing, and market research. Unlike MAP, Cooperator Program activities are carried out on a generic commodity basis and do not include brand-name or consumer promotions.

As proposed in last year's budget, the Cooperator Program is now funded through CCC rather than FAS appropriated funds. This change was adopted in order to provide increased stability in the level of annual program funding and thereby enhance long-term planning by program participants. For 2001, the budget provides funding of \$27.5 million for the Cooperator Program, unchanged from this year's level.

The budget also includes CCC funding for the new Quality Samples Program (QSP) which FAS will implement during 2000. Under the program, samples of U.S. agricultural products will be provided to foreign importers in order to promote a better understanding and appreciation of their high quality. Similar to the Cooperator Program, the QSP will be carried out through commodity organizations and agricultural trade associations. For 2001, the budget continues funding for the QSP at the 2000 level of \$2.5 million.

Export Subsidy Programs. The Department currently has two export subsidy programs: the Export Enhancement Program (EEP) and Dairy Export Incentive Program (DEIP). Under these programs, bonus payments are made available to exporters of U.S. agricultural commodities to enable them to be price competitive and thereby make sales in targeted overseas markets where competitor countries are making subsidized sales.

EEP programming has been limited in recent years due to world supply and demand conditions; nevertheless, the budget includes funding for the program and the awarding of bonuses can be resumed whenever market conditions warrant. For 2001, the budget provides a program level of \$478 million for EEP, which is the maximum level authorized by the Agricultural Trade of 1978 and is consistent with the export subsidy reduction commitments undertaken by the U. S. in conjunction with the Uruguay Round Agreement on Agriculture.

For DEIP, the budget assumes a program level of \$66 million for 2001, a reduction from the current estimate for 2000 of \$119 million. The projected decline in DEIP programming reflects

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two factors: full implementation of the Uruguay Round export subsidy reduction commitments and the phaseout in June 2000 of the so-called “rollover authority” which allows countries under certain conditions to exceed their annual export subsidy commitments by drawing on unused subsidy authority from previous years. In the case of nonfat dry milk, the largest category of dairy products exported under DEIP, these two factors will result in a decrease in the level of available export tonnage under DEIP of approximately 33 percent from 101,000 metric tons during the July 1999-June 2000 period to 68,000 metric tons during the July 2000-June 2001 period.

Public Law 480 (P.L. 480). Also referred to as Food for Peace, P.L. 480 is the primary means

Foreign Agricultural Service Public Law 480 Food Assistance Programs Program and Tonnage Levels

Program	1999 Actual	2000 Current Estimate	2001 Budget
Title I Credit Sales:			
Dollars in Millions.....	\$830 a/	\$267	\$180
Million Metric Tons Grain Equivalent.....	2.2 b/	1.3	0.8
Title II Donations:			
Dollars in Millions.....	957	962	837
Million Metric Tons Grain Equivalent.....	2.4	2.5	2.1
Title III Grants:			
Dollars in Millions.....	21	0	0
Million Metric Tons Grain Equivalent.....	0.1	0	0
Total, P.L. 480 Programs:			
Dollars in Millions.....	\$1,808 a/	\$1,229	\$1,017
Million Metric Tons Grain Equivalent.....	4.7 b/	3.8	2.9

a/ Includes approximately \$648 million of programming for Russia, which was carried out through a transfer of funds from CCC to P.L. 480 Title I.

b/ Includes 1.4 million metric tons programmed to Russia.

by which the United States provides foreign food assistance. This assistance is provided through three separate program authorities.

Title I provides for sales of U.S. agricultural commodities to developing countries and private entities through concessional financing. In allocating assistance to be provided under the Title I program, priority is given to agreements which provide for the export of U.S. agricultural commodities to those developing countries which have demonstrated the potential to become commercial markets, are undertaking measures to improve their food security and agricultural development, and demonstrate the greatest need for food. The Title I program is administered by FAS.

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Title II provides for donations of humanitarian food assistance to needy people in foreign countries in response to malnutrition, famine, and other extraordinary relief requirements. The assistance is provided primarily through private voluntary organizations, cooperatives, or international organizations, including the World Food Program of the United Nations. In the case of donations made in response to emergency needs, Title II assistance can also be provided through government-to-government agreements. The Title II program is administered by the Agency for International Development (AID).

Title III provides food assistance on a grant basis to least developed countries through government-to-government agreements. The donated commodities may be sold in the domestic market of the recipient countries, and the revenue generated from the sale is used to support programs of economic development. The Title III program is also administered by AID.

For 2001, the budget includes a total program level for P.L. 480 food assistance of just over \$1 billion, which is expected to provide approximately 2.9 million metric tons of commodity assistance. As in last year's budget, no specific level of funding is requested for Title III grants; however, current authorities provide that up to 15 percent of the funds of any title of P.L. 480 may be transferred to carry out any other title. This authority provides flexibility for program managers to determine the appropriate level of resources for the individual P.L. 480 programs and thereby enhances the U.S. response to changing world food needs.

Section 416(b) Donations. Section 416(b) of the Agricultural Act of 1949 authorizes the donation of surplus CCC-owned commodities in order to carry out programs of assistance in developing and other, friendly countries. Commodities eligible for donation include those which have been acquired by CCC through price support operations or otherwise acquired in the normal course of its operations and which are excess to domestic program requirements. The commodities are made available for donation through agreements with foreign governments, private voluntary organizations and cooperatives, and the World Food Program.

Donations under section 416(b) reached a record 5.5 million metric tons in 1999. Over 5 million metric tons of this consisted of wheat and wheat products made available under the Food Aid Initiative announced by the President in July 1998. The total value of section 416(b) programming in 1999 exceeded \$1.2 billion, including approximately \$794 million for the value, including processing costs, of the commodities and \$428 million for associated ocean freight and overseas distribution costs.

The budget assumes Section 416(b) donations will return to a more traditional level of programming during 2000. For 2001, the level of section 416(b) programming will be established once the availability of uncommitted commodities in CCC inventory has been determined at the beginning of the fiscal year.

Food for Progress. Under this program, U.S. agricultural commodities are provided to developing countries and emerging democracies which have made commitments to introduce and expand free enterprise in their agricultural economies. Food for Progress agreements can be entered into with foreign governments, private voluntary agencies, nonprofit agricultural organizations, cooperatives, or intergovernmental organizations. Agreements may provide for the commodities to be supplied on either long-term credit or grant terms.

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P.L. 480 Title I funds may be used for the procurement and transportation costs of the commodities. Alternatively, CCC-owned commodities may be made available under the authority of section 416(b) of the Agricultural Act of 1949 or CCC may purchase commodities if not in its inventory, with transportation and other non-commodity expenses paid with CCC funds. The authorizing statute for Food for Progress limits annual programming to not more than 500,000 metric tons and limits CCC funding for the non-commodity costs (e.g., transportation) of programming to \$30 million per year.

The budget assumes that approximately \$118 million of CCC funds will be used to support Food for Progress programming in 2001, slightly below the current estimate for 2000. This includes \$88 million for the purchase of commodities and \$30 million for transportation and other non-commodity costs.

FAS' mission is to serve U.S. agriculture's international interests by expanding export opportunities for U.S. agricultural, fish, and forest products and promoting world food security.

FAS carries out its mission on a worldwide basis through the following program activities:

- C **Market Access** -- international trade policy formulation, negotiation and monitoring activities designed to reduce foreign trade barriers and increase market access for U.S. agricultural products.

Foreign Agricultural Service Salaries and Expenses (Dollars in Millions)

Program	1999 Actual	2000 Current Estimate	2001 Budget
Market Access.....	\$26	\$27	\$28
Market Development, Promotion, and Outreach.....	33	32	34
Market Intelligence.....	23	24	24
Financial Marketing Assistance.....	9	9	9
Long-term Market and Infrastructure Development.....	22	22	23
Total, Appropriated Programs.....	113	114	118
Emerging Markets Program Funded by CCC.....	10	10	10
CCC Computer Facility and Other IRM Costs Funded by CCC.....	10	10	10
Development Assistance Programs Funded by AID and Other Organizations.....	40	32	32
Other Reimbursable Agreements.....	5	3	2
Total, Reimbursable Program Activity.....	65	55	54
Total, FAS Program Level.....	\$178	\$169	\$172

- C **Market Development, Promotion, and Outreach** -- activities designed to increase domestic awareness of export opportunities, facilitate export readiness, and link export-ready and new-to-export firms to market entry opportunities; and activities designed to create demand for

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U.S. agricultural products in foreign markets, including the Cooperator Program, MAP, and food and agricultural trade shows.

- C **Market Intelligence** -- market intelligence and reporting activities which provide U.S. producers, exporters, and government officials with information and analysis of world agricultural production and trade.
- C **Financial Marketing Assistance** -- administration of the Department's major commercial export programs, including the CCC export credit guarantee and export subsidy programs.
- C **Long-Term Market and Infrastructure Development** -- administration of foreign food assistance programs and international cooperation and development activities, including scientific and technical exchanges, cooperative research, liaison with international food and agricultural organizations, and agricultural technical assistance and training, including the Cochran Fellowship Program.

The budget includes appropriated funding of \$118 million for FAS in 2001. This is an increase of \$4 million above the 2000 level and supports several important trade promotion initiatives. First, \$1.5 million is requested for the costs of opening new Agricultural Trade Offices (ATOs) in Canada, Mexico, and the Philippines. FAS currently has 17 ATOs located in major markets around the world, which assist U.S. private sector exporters, agricultural market development organizations, State trade officials, and others in carrying out export promotion and market development activities. The three locations slated for new ATOs have been identified by FAS as priority markets which offer significant market growth potential over the next 5 to 10 years.

An additional \$750,000 is provided to bolster FAS market access compliance and negotiation activities. Implementation of the Uruguay Round Agreement on Agriculture has led to a sharp increase in FAS' trade compliance workload. This includes monitoring implementation of the Agreement's numerous trade liberalization provisions by other countries and ensuring their compliance, negotiating agreements with countries seeking to accede to the World Trade Organization, and developing harmonized rules of origin for customs purposes. The onset of new multilateral negotiations on agricultural trade is expected to increase the current FAS market access workload even further. The additional funding requested for 2001 will provide additional staffing to meet this heavier workload and enable FAS to fund the participation of technical experts from other USDA agencies in international consultations, in particular those concerning food safety and biotechnology.

The FAS budget also includes increases of \$618,000 to meet additional costs associated with maintaining an FAS presence at the American Institute in Taiwan and \$1.5 million to meet a portion of the projected pay cost increases in 2001. The budget also maintains funding for the Cochran Fellowship Program at the current level of \$3.5 million.

In addition, the budget includes an estimated \$54 million in funding to be made available to FAS through reimbursable agreements. The largest component of this is funding for technical assistance, training, and research activities which FAS carries out overseas on behalf of AID, foreign governments, and international organizations. It also includes funding made available by CCC for the Emerging Markets Program. This program supports technical assistance and related activities in order to further U.S. market development objectives in promising overseas growth markets.

RURAL DEVELOPMENT

MISSION

The Rural Development (RD) mission area strives to improve the quality of life in rural America by providing financial assistance and working with rural communities through partnerships, empowerment and technical assistance. Outreach and targeting are used to ensure that rural communities that have been under-served in the past will have an opportunity to receive their fair share of Federal assistance.

Three agencies comprise the RD mission area: the Rural Housing Service (RHS), the Rural Utilities Service (RUS) and the Rural Business-Cooperative Service (RBS). Under the Department's streamlining and reorganization effort, the field office delivery system for the three agencies was consolidated and is now co-located within USDA Service Centers.

RURAL DEVELOPMENT

**Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)**

Program	1999 Actual		2000 Current Est.		2001 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Rural Utilities Service.....	\$3,396	\$734	\$4,294	\$645	\$4,261	\$711
Rural Housing Service.....	5,131	877	5,811	943	6,678	1,140
Rural Business-Cooperative Service.....	1,372	75	1,067	110	1,464	130
Salaries and Expenses	515	515	534	534	581	581
Total, Rural Development.....	\$10,414	\$2,201	\$11,706	\$2,232	\$12,984	\$2,562

The 2001 budget reflects the Administration's continuing commitment to reducing the gaps in credit availability and economic opportunity that exist in rural America. It includes nearly \$2.6 billion in budget authority for RD. This level of funding is expected to support a program level of about \$13 billion in loans, grants and other activity. These estimates reflect higher subsidy costs for direct loans, due primarily to a rise in the government's cost of borrowing.

The major provisions of the RD budget include:

- ! \$1.3 billion in direct loans and \$3.7 billion in guaranteed loans for single family housing, more than the 2000 program levels of \$1.1 billion in direct loans and \$3.2 billion in guaranteed loans. These levels support the President's National Home Ownership Initiative by making more home ownership opportunities available in rural America. Direct loans will continue to be available only to low-income families, those with less than 80 percent of area median income, who can receive an interest subsidy. Guaranteed loans are available to families up to 115 percent of area median. The 2001 program levels will allow the agency to provide loans and grants to purchase and improve over 81,000 housing units.

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- ! A total of \$50 million is proposed for Farm Labor Programs, with \$30 million for direct loans, \$15 million for grants, and \$5 million for emergency assistance to migrant farmworkers. This is an increase of almost \$3 million from the \$30 million in loans and \$17 million in grants provided in 2000, which included \$3 million for grants and \$5 million for loans in emergency funding. The \$50 million level will improve the availability and quality of housing for one of the most poorly housed groups in the country.
- ! \$120 million for direct loans and \$200 million in guaranteed loans for multi-family housing. The Administration will propose elimination of the statutory requirement that 20 percent of the loans guaranteed must receive interest assistance. The proposed change would substantially reduce the subsidy cost of this program. The guaranteed loan program was first introduced in 1997 and operated as a pilot program. It has shown great potential, particularly where it can be used to leverage other Federal, State and local or private financing. Experience has shown that projects for low-to-moderate income families do not necessarily require interest assistance because subsidies are available from other sources.
- ! \$680 million for rural rental assistance payments, up from \$640 million available for 2000. The higher level of assistance is needed to provide for the renewal of existing contracts, to support new multi-family and farm labor housing projects, and to provide limited funding for servicing existing projects. This assistance makes up the difference between what the tenant pays and the rent required for the project owner to meet debt servicing requirements. Tenants receiving this assistance are mostly elderly, have very low-income and minimal financial assets.
- ! \$507 million in grants, \$1.03 billion in direct loans, and \$75 million in guaranteed loans for water and waste disposal projects. To support these program levels, the budget includes a substantial increase in budget authority, from \$606 million in 2000 to \$648 million in 2001.
- ! \$2.2 billion in direct loans and loan guarantees for rural electric and telephone systems, including \$400 million in electrification loans to be made by private lenders.
- ! \$325 million in loans and grants for Distance Learning & Telemedicine (DLT), an increase of \$104 million over the 2000 level. This level of funding will provide assistance to almost 2,000 schools and over 3,000 health care facilities. In addition, a new \$102 million pilot loan and grant program to finance broadband transmission and local dial-up Internet service is proposed.
- ! Legislation will be proposed to provide mandatory funding for \$15 million in grants annually for round II Empowerment Zones and Enterprise Communities (EZ/EC). Five new rural empowerment zones were authorized by the Taxpayer Relief Act of 1997. Twenty new enterprise communities were authorized by the 1999 Appropriations Act, and \$15 million in discretionary funds was appropriated in both 1999 and 2000. The multi-year mandatory funding would allow recipients greater assurance of funding for

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strategic planning. This funding would be in addition to funding targeted to EZ/EC's under RD's on-going programs, which is estimated to be about \$200 million in 2000.

! The budget reflects the funding flexibility under the Rural Community Advancement Program (RCAP) that was enacted as part of the 1996 Farm Bill. RCAP allows funds to be transferred among programs to ensure better coordination in meeting local priorities and the 2001 budget assumes the full transfer flexibility authorized in the 1996 Farm Bill. The table below indicates the programs and funding levels included in RCAP.

! An increase of \$47 million for salaries and expenses, from almost \$534 million in 2000 to

**Rural Community Advancement Program
(Dollars in Millions)**

Program	1999 Program Level	2000 Program Level	2001 Program Level
Water and Waste Disposal Loans:			
Direct.....	\$721	\$679	\$1,032
Guarantees.....	6	75	75
Water and Waste Disposal Grants.....	571	530	502
Solid Waste Management Grants.....	3	3	5
Community Facility Loans:			
Direct.....	163	185	250
Guarantees.....	107	210	210
Grants	8	13	24
Business and Industry Loans:			
Direct.....	26	50	50
Guarantees.....	1,180	869	1,250
NAD Bank.....	63	2	0
Rural Business Opportunity Grants.....	0	4	8
Rural Business Enterprise Grants.....	36	40	41
Total, Loans and Grants.....	\$2,885	\$2,661	\$3,447

almost \$581 million in 2001. The increase will allow RD to increase its staffing level from a current estimate of 6,900 in 2000 to 7,020 in 2001, and to fund information technology initiatives.

RURAL DEVELOPMENT

RURAL UTILITIES SERVICE

Program Level (P.L.) and Budget Authority (B.A.) (Dollars in Millions)

Program	1999 Actual		2000 Current Est.		2001 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Loan Programs:						
Electric Loans:						
Direct 5%.....	\$72	\$9	\$122	\$1	\$50	\$5
Municipal.....	295	26	295	11	300	21
FFB Guaranteed.....	1,050	0	1,700	0	800	0
Guaranteed CFC/CoBank.....	150	0	0	0	400	a/
Total, Electric Loans.....	1,567	35	2,117	12	1,550	26
Telecommunications Loans:						
Direct 5%.....	75	7	75	1	75	8
Treasury Rate.....	217	1	300	2	300	0
FFB Guaranteed.....	55	0	120	0	120	0
Total, Telecommunications Loans.....	347	8	495	3	495	8
Rural Telephone Bank (RTB).....	114	3	175	3	175	3
Total, Electric, Telecommunications, and RTB....	2,027	46	2,787	18	2,220	36
Distance Learning Program:						
Treasury Rate Loans.....	55	a/	200	1	400	0
Distance Learning & Telemedicine Grants.....	13	13	21	20	27	27
Total, Distance Learning Program.....	68	13	221	21	427	27
Water and Waste Disposal Programs:						
Direct b/.....	721	117	679	73	1,032	140
Guaranteed b/.....	6	0	75	0	75	0
Water and Waste Disposal Grants b/.....	571	555	530	530	502	502
Solid Waste Management Grants b/.....	3	3	3	3	5	5
Total, Water & Waste Disposal Programs.....	1,301	675	1,287	606	1,614	648
Total, RUS Loans & Grants c/.....	\$3,396	\$734	\$4,294	\$645	\$4,261	\$711

a/ Less than \$500 thousand.

b/ These are included in the Rural Community Advancement Program. (See page 49.)

c/ Salaries and Expenses are included in a proposed consolidated account.

The electric and telecommunications programs administered by RUS provide loans to establish, expand, and modernize facilities to improve service to rural residents. The 2001 budget for the electric loan programs reflects changes in the financial needs of borrowers. Five percent interest direct loans would be reduced, although more budget authority is provided to pay the higher subsidy cost of these loans. Direct municipal rate loans would be maintained at about the same level as 2000 and the budget authority needed to pay the subsidy costs on these loans almost doubles. Federal Financing Bank (FFB) loans, which have no subsidy costs, would be reduced from \$1.7 billion available for 2000 to \$800 million for 2001, which reflects the anticipated

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demand for these loans. In addition, the 2001 budget includes \$400 million in guarantees of electric loans. It is anticipated that these loans will be made by the Cooperative Finance Corporation (CFC) and the Bank for Cooperatives (Co Bank).

Loan levels for the telecommunications programs are the same as for 2000, although more budget authority is provided to pay for the higher subsidy cost of direct Treasury rate loans. The total program level will create over 15,000 jobs in rural areas.

The Water and Waste Disposal Program provides financing for rural communities to establish, expand or modernize water treatment and waste disposal facilities. Eligibility is limited to communities of 10,000 or less in population, and that cannot obtain credit elsewhere. Grants are limited to 75 percent of project costs, and are available only to those communities with high poverty rates. Interest rates on loans range from 4.5 percent for poverty communities to a ceiling of 7 percent, and grant and loan funds are usually combined based on the income levels of users.

The program supports the Administration's Water 2000 Initiative, which is designed to serve those rural communities with the Nation's most serious water quality problems, including even the lack of a dependable supply of drinking water. A portion of the 2001 program level will be targeted to this initiative, as in previous years. Overall, the program level for 2001 includes \$502 million in grants, \$1,032 million in direct loans and \$75 million in guaranteed loans.

The program level for the Water and Waste Disposal Program reflects the amount of budget authority available and the mix of loans and grants. Loans require only enough budget authority to cover the subsidy costs whereas grants require a dollar of budget authority for each dollar of program level. In 2000, \$606 million in budget authority is available, of which \$533 million is expected to be used for grants and \$73 million for loans. The 2001 budget includes nearly \$648 million in budget authority, of which over \$507 million would be used for grants and over \$140 million for loans. The 2001 budget will provide financing for enough new or improved water systems alone to serve about 1.7 million rural residents. In addition, about 700,000 rural residents will be served through new or improved waste disposal systems. Overall, the program is expected to generate about 40,000 jobs.

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RURAL HOUSING SERVICE

Program Level (P.L.) and Budget Authority (B.A.) (Dollars in Millions)

Program	1999 Actual		2000 Current Est.		2001 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Rural Housing Loans:						
Single Family:						
Direct	\$967	\$114	\$1,161	\$98	\$1,300	\$209
Guarantees.....	2,977	3	3,200	20	3,700	7
Multi Family Housing:						
Direct (Section 515).....	114	55	114	45	120	59
Guarantees (Section 538).....	75	2	100	a/	200	0
Very Low-Income Repair.....	25	9	48	14	40	14
Self-Help Housing.....	1	a/	5	a/	5	a/
Housing Site Development.....	3	a/	5	a/	5	0
Credit Sales.....	20	3	7	1	15	2
Total, Housing Loans.....	4,182	187	4,641	178	5,385	292
Farm Labor Program:						
Loans	20	10	30	14	30	16
Grants.....	13	13	17	17	15	15
Migrant Farmworker Grants	0	0	0	0	5	5
Total, Farm Labor Program.....	33	24	47	30	50	36
Community Facility Programs:						
Direct b/.....	163	22	185	10	250	29
Guarantees b/.....	107	0	210	0	210	0
Community Facility Grants b/.....	8	7	13	13	24	24
Total, Community Facility Programs.....	278	30	409	23	484	53
Grants and Payments:						
Very Low-Income Repair.....	21	21	37	37	30	30
Mutual and Self-Help.....	26	26	29	28	40	40
Supervisory and Technical Asst.....	a/	a/	2	1	1	1
Compensation for Construction Defects.....	a/	0	a/	0	a/	0
Rural Housing Preservation.....	7	7	6	6	8	8
Rental Assistance Payments.....	583	583	640	640	680	680
Total, Grants and Payments.....	638	637	714	711	759	759
Total, RHS, Loans and Grants c/.....	\$5,131	\$877	\$5,811	\$943	\$6,678	\$1,140

a/ Less than \$500 thousand

b/ These are included in the Rural Community Advancement Program. (See page 49.)

c/ Salaries and Expenses are included in a proposed consolidated account.

The single family housing direct loan program provides subsidized loans for the purchase of modest housing in rural areas. Loans are made at a graduated interest rate level from 1 percent to 150 basis points over the Treasury rate, currently 6.06 percent, depending on family income,

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to families who have income under 80 percent of the area median. The average annual income of a direct loan borrower is generally about 55 percent of area median income or about \$17,000 on a National basis. Loan guarantees primarily serve families with moderate incomes, with the interest rate negotiable between the lender and borrower.

The 2001 budget includes \$1.3 billion in direct loans and \$3.7 billion in guaranteed loans for single family housing, more than the 2000 program levels of \$1.1 billion in direct loans and \$3.2 billion in guaranteed loans. This increase reflects the Administration's strong commitment to improving homeownership opportunities in rural areas. Further, the budget authority necessary to support the higher program levels increases from about \$118 million in 2000 to about \$216 million in 2001, due to an increase in interest rates and net of a proposal to raise the fee on guaranteed loans from 1 percent to 2 percent.

The Section 515 Multifamily Housing Loan Program would be funded at \$120 million in 2001, which compares to about \$114 million available for 2000. This program provides direct loans to construct and maintain multifamily rental projects that serve low and very low-income families. Projects receive payment assistance to make rents affordable. The average annual income of a Section 515 tenant is \$7,300. The 2001 budget provides for the construction of 1,400 new units and the rehabilitation of over 4,100 existing units.

The Section 538 Multifamily Housing Loan Guarantee Program guarantees loans that are made by private lenders. It differs from the Section 515 Direct Loan Program in that the projects it finances serve tenants with incomes up to 115 percent of the area median, rather than those below 80 percent of the area median. The 2001 request of \$200 million would provide for the construction of over 6,400 units.

The 2001 budget provides \$680 million for the Rental Assistance Program, an increase of \$40 million over the 2000 level. Rental assistance is provided to project owners to make up the difference between the 30 percent of income the low-income tenant pays and the rent required for the project owner to meet debt servicing requirements. The 2001 budget provides funding for the renewal of over 42,000 units, support for new section 515 and farm labor housing projects, and limited funding for servicing existing projects.

Consistent with meeting the Secretary's civil rights goals, the 2001 budget recommends \$30 million in loans and \$15 million in grants for farm labor housing, which maintains the loan level, but decreases grants by \$2.5 million from the 2000 level when factoring in emergency funding. Without emergency funding the 2001 level is \$2.5 million above 2000 for grants and \$5 million above for loans. In addition, the budget includes \$5 million for emergency assistance to migrant farmworkers.

The community facilities program provides direct loans, guarantees and grants to finance essential community facilities, with priority given to health and safety facilities. There are three interest rates available on direct loans, with the lowest, 4.5 percent, offered to communities where the median income is below the poverty level and for projects to meet health and safety standards. For community facility programs, the 2001 budget provides \$250 million in direct loans, \$210 million in guarantees, and \$24 million in grants, including \$5 million for early warning system grants that would allow rural areas to reduce the loss of life for inadequate

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warning of hazardous weather. This level of funding will support over 400 new or improved health care facilities, child care, fire and emergency services and other facilities lacking in rural America.

RURAL DEVELOPMENT

RURAL BUSINESS-COOPERATIVE SERVICE (RBS)

Program Level (P.L.) and Budget Authority (B.A.) (Dollars in Millions)

Program	1999 Actual		2000 Current Est.		2001 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Loans:						
Business and Industry:						
Guarantees a/.....	\$1,180	\$12	\$869	\$26	\$1,250	\$10
Direct a/.....	26	0	50	0	50	3
NAD Bank.....	63	0	2	0	0	0
Intermediary Relending Program.....	33	17	38	17	64	33
Rural Economic Development.....	15	4	15	3	15	4
Total, Loans.....	1,318	32	974	47	1,379	50
Grants:						
Rural Business Enterprise a/.....	36	36	40	40	41	41
Rural Business Opportunity a/.....	0	0	4	4	8	8
Alternative Agriculture Research and Commercialization Corporation	4	4	0	0	0	0
National Sheep Industry Improvement Center	0	0	10	0	5	5
Rural Cooperative Development.....	2	2	4	4	6	6
Appropriate Technology Transfer for Rural Areas.....	1	1	2	2	2	2
Rural Economic Development.....	11	0	4	0	4	0
Cooperative Research Agreements.....	0	0	0	0	2	2
Bio-energy/Bio-products Grants	0	0	0	0	2	2
Agribusiness and Cooperative Development Program.....	b/	b/	0	0	0	0
Empowerment Zones and Enterprise Communities c/.....	0	0	30	15	15	15
Total, Grants.....	54	43	93	64	84	80
Total, RBS Loans and Grants d/.....	\$1,372	\$75	\$1,067	\$110	\$1,464	\$130

a/ These are included in the Rural Community Advancement Program. (See page 49.)

b/ Less than \$500 thousand.

c/ In FY 1999, \$15 million was appropriated. This amount is carried in to FY 2000 and added to the \$15 million appropriated in 2000. The budget requests mandatory funding in 2001.

d/ Salaries and Expenses are included in a proposed consolidated account.

RBS administers the Department's rural business assistance programs, including technical assistance, development, and research on agricultural cooperatives. The agency delivers a wide variety of services to its clients. Business and Industry (B&I) loan guarantees, for example, provide protection against loss so that private lenders are willing to extend credit to establish, expand, or modernize rural businesses. Special efforts are being made to help rural communities

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diversify their economies, particularly into value-added processing, by focusing on cooperative ventures.

The budget provides \$1.25 billion in guaranteed loans and \$50 million in direct loans under the business and industry loan program. Direct loans will be targeted to those areas which have traditionally been under-served by commercial lenders. Loan guarantees help expand investment in rural areas by protecting commercial lenders against loss. In addition, loan guarantees may be used to provide financing to farmers for the purchase of start-up capital stock in a cooperative which will process the commodity being produced by the farmer. The proposed level of assistance is consistent with the Administration's strong commitment to expanding the rural economy and is expected to create or save 40,000 jobs in rural America.

The budget provides \$64 million for the Intermediary Relending Program (IRP). The IRP provides loans at 1 percent interest to intermediaries who relend those funds to local businesses and other organizations to expand or improve the local economic base. This level of funding is expected to create or save about 49,000 jobs in rural America.

The budget provides \$8 million for rural business opportunity grants. These grants will be used to help rural communities develop comprehensive strategies for revitalization and to better coordinate Federal assistance. The budget also includes \$5 million for the National Sheep Industry Improvement Center. This will assist in the rebuilding of the infrastructure of the sheep and goat industries.

Rural cooperatives are growing not just in numbers but also in terms of non-traditional forms and uses. Cooperatives are forming strategic alliances with privately held corporations, engaging in value-added processing, and entering the retail and export markets. Through the cooperative form of business, rural residents are finding ways to add value to their product and bring more income home to the farm gate. The 2001 budget includes \$11.5 million in the rural cooperative development grants account compared to almost \$7 million in 2000. Included in the 2001 amount is \$6 million for rural cooperative development grants, \$2 million for Appropriate Technology Transfer for Rural Areas (ATTRA), \$2 million for cooperative research agreements and \$1.5 million for cooperatives that process and market bio-based products. By comparison, in 2000, \$4 million is available for rural cooperative development grants and \$2 million is available for ATTRA.

FOOD, NUTRITION, AND CONSUMER SERVICES

FOOD AND NUTRITION SERVICE (FNS)

The Food and Nutrition Service (FNS) administers America's domestic nutrition programs. The mission of FNS is to improve the nutritional levels of Americans by providing children and needy families better access to a healthful diet. FNS fulfills its mission via nutrition promotion and direct nutrition assistance through the programs in the table below. Food stamps remain the cornerstone of our National commitment to protect the nutrition, health, and well-being of low-income families with the other programs serving specific categories of the population. These programs support the Administration's goals of encouraging work, family and responsibility, as well as improving the nutritional levels of low-income households. Increasing the public understanding of proper nutrition, a major Departmental objective, is also promoted through the nutrition assistance programs.

Food and Nutrition Service Program Level (Dollars in Millions)

Program	1999 Actual	2000 Current Estimate	2001 Budget
Food Stamp Program a/.....	\$18,059	\$18,564	\$19,884 b/
Nutrition Assistance for Puerto Rico.....	1,236	1,268	1,301
Total, Food Stamp Program.....	19,295	19,832	21,185
Child Nutrition Programs.....	9,651	9,846	10,367
Special Supplemental Nutrition Program (WIC).....	4,061	4,141	4,278
Commodity Assistance Program:			
Commodity Supplemental Food Program.....	90	100	93 c/
Soup Kitchens, Food Banks and The Emergency Food Assistance Program (TEFAP).....	135	143	145
Farmers' Market Nutrition Program.....	15	17	20
Total, CAP.....	240	260	258
Food Donations Programs:			
Nutrition Program for the Elderly.....	141	141	150
Pacific Island Assistance and Disaster Assistance.....	1	1	1
Total, Food Donations.....	142	142	151
Food Program Administration.....	111	111	116
Colonias Initiative.....	--	--	5
Food Stamp and Child Nutrition Integrity Initiative..	--	3	8
Total, FPA.....	111	114	129
Total, FNS.....	\$33,500	\$34,335	\$36,368

a/ Includes funding for the Food Distribution Program on Indian Reservations (FDPIR).

b/ In addition, \$1 billion is requested in 2001 for a contingency reserve.

c/ Includes \$7 million in inventory draw down, not normally included as part of Program Level.

FOOD, NUTRITION, AND CONSUMER SERVICES

The 2001 budget funds the anticipated needs of the Food Stamp, Child Nutrition, WIC and other programs. The budget continues the emphasis on modernizing benefit delivery systems and improving the overall integrity and efficiency of the nutrition assistance programs, to assure that resources go to those who need them most. Further, with Welfare Reform it is critically important to help work-able persons find and retain jobs. Central to the nutrition assistance programs is the provision of nutrition education to empower participants with the skills and knowledge to make their own food choices for a healthy diet. Additional funds are also requested for the development and implementation of an Electronic Benefit Transfer (EBT) system in the WIC program, food stamp nutrition education, and the Colonias Initiative. The Colonias Initiative is designed to reach underserved residents of rural communities along the Mexican border with Texas, New Mexico, Arizona and California. The details of the nutrition programs follow.

Food Stamps. The 2001 budget funds anticipated growth in participation of about 0.8 million over 2000 estimates (for a total of 18.9 million), projected modest food inflation, and provides \$1 billion for a contingency reserve. The budget proposes \$10 million for a nutrition education and program information initiative, targeted to providing program information to eligible non-participants. Legislation is being proposed at a funding level of \$24 million to restore food stamp benefits to approximately 5,000 elderly immigrants who have reached the age of sixty-five (\$10 million) and to 85,000 adults living with eligible legal immigrant children (\$15 million) if they entered the U.S. before August 22, 1996. By 2005, these legislative proposals will provide benefits to approximately 10,000 and 155,000 legal immigrants, respectively. Legislation is also being proposed that will offer States the option of conforming the rules on the resource value of vehicles with the Temporary Assistance to Needy Families Program (TANF) and that would increase the costs by \$1 million. TANF often employs more generous rules permitting reliable vehicles to be owned by recipients, increasing their prospects to gain/retain employment and leave welfare. This proposal would make it easier for 15,000 people in working families to own vehicles and receive food stamps in 2001 and would benefit 245,000 persons when fully implemented. Additional legislation is proposed that would allow States to conform definitions of income to those used in Medicaid (\$5 million in 2001) and the Department of Health and Human Services (DHHS) will offer legislation to increase income to food stamp recipients through strengthened child support enforcement (\$7 million savings in 2001).

Funding for the Puerto Rico Nutrition Assistance Program is requested at \$1.3 billion, the same as the authorized level.

Child Nutrition Programs. Increasing children's understanding of nutrition and improving their diets through the School Meals Initiative for Healthy Children continue to be a priority. The National School Lunch, School Breakfast, Summer Food Service, Special Milk, and Child and Adult Care Food Programs (CACFP) play a significant role in achieving this goal by assisting State and local governments in serving healthful, nutritious meals to children in various settings, with greatest emphasis on helping low-income children. These programs assist pre-school and school-aged children by subsidizing nutritious meals for children in participating schools as well as in child care settings. They also help assure that children are in school ready to learn, and that the children can learn by proper nutritional example. Special subsidies are also provided under these programs so that low-income children receive meals free or at a greatly reduced price. Under the current Child Nutrition Programs, especially CACFP, the meal subsidies provide

FOOD, NUTRITION, AND CONSUMER SERVICES

important support for child care. This helps the Nation's working people, as well as work-able welfare recipients, to be able to train for, gain and maintain employment.

For 2001, the Child Nutrition Programs are funded at a level that will support anticipated participation, which includes increases in participation and food costs. The Department continues to work with the States to improve the appeal and nutritional quality of school meals, and to help schools bring their meals into compliance with *The Dietary Guidelines for Americans*. The Department will continue to place emphasis on food safety education. The budget includes \$6 million for a universal free school breakfast demonstration project, which with the funds appropriated for 2000 will complete the funding for the evaluation. For nutrition education and training \$2 million is requested to provide training for school food personnel in food service management, instruct teachers in nutrition education and teach children about the relationship of nutrition to health in order to assist them in making wise food choices. National nutrition standards, consistent National eligibility standards, and the guarantee of free meals to children from low-income households are the central strengths of the Child Nutrition Programs.

Legislation is being proposed that would save the agency \$0.8 million in 2001 and \$115.2 million over a five year period. This proposal includes an array of management changes designed to improve oversight in the CACFP. The changes include measures to strengthen oversight by sponsors, including prohibiting participation by sponsors that have a track record of mismanagement in other government programs, and limiting the funds that may be retained by sponsors of child care centers for administration. The proposal also includes measures to strengthen State oversight, such as allowing States to retain a portion of program funds recovered through audits and reviews. In addition, the proposal would enhance Federal oversight and fund an evaluation of the program's administrative reimbursement structure. Legislation is also being proposed to allow school lunch application information to be shared with State and local agencies to facilitate Medicaid and Child Health Care Insurance Program enrollment.

WIC. The budget of \$4.2 billion for the WIC program would support a monthly average of 7.4 million participants with an objective of reaching 7.5 million participants by the end of the year. The WIC program helps improve the health and nutritional status of low-income pregnant, breast-feeding and postpartum women, infants and children up to their fifth birthday. WIC supplements households' food resources with vouchers which may be redeemed for specified foods such as milk, eggs, cheese, fruit juices, cereal and infant formula. In addition to these food supplements, WIC provides nutrition education and linkages to other important health and social services. Approximately 47 percent of all infants born in the United States are WIC beneficiaries. The program has contributed to better birth outcomes and reductions in childhood anemia, key indicators of the health of America's children.

The budget includes \$6 million to enhance ongoing efforts to promote the use of EBT in the WIC program. The success of EBT in the Food Stamp Program, with 70 percent of food stamp benefits delivered through EBT, is indicative of the advantages EBT will offer in the WIC program. In addition to improved food benefit delivery, EBT cards help streamline the identification and the transfer of basic program information. EBT is being tested Statewide in Wyoming, and it is anticipated that 8 States will have piloted EBT for the WIC program by 2002.

FOOD, NUTRITION, AND CONSUMER SERVICES

WIC will continue to work to improve program integrity and increase efficiency through enhanced vendor and recipient integrity activities. For example, USDA and the States are taking action to strengthen income documentation and employ consistent measures of nutritional risk, so that benefits are targeted only to those meeting income guidelines. Finally, USDA is working with the States to keep per person food costs minimal, building on WIC's performance in keeping unit food cost growth minimal for the past 10 years.

Commodity Assistance Program. The Commodity Assistance Program (CAP) provides commodities distributed through several programs. The Emergency Food Assistance Program (TEFAP) provides administrative funding and wholesome commodities to the network of food banks and other programs which assist households in need of immediate, short-term food assistance. TEFAP providers also typically distribute significant quantities of commodities donated by the private sector, thereby leveraging the Federal investment. Commodities are also made available to soup kitchens and food banks. Funding for TEFAP includes both discretionary funding of \$45 million usable for program administration or food, at the election of State officials, and \$100 million available under the Food Stamp Program appropriation to be used for purchasing commodities for distribution to the States.

The Commodity Supplemental Food Program (CSFP) provides commodities to low-income elderly and women, infants and children not on WIC. The 2001 budget proposes \$93.3 million for CSFP. The apparent \$7 million decrease from the 2000 program level, is covered by utilizing excess commodities in inventory thereby adjusting inventories to more appropriate operating levels. This request will support five new States entering the program in 2000 as well as allow for expansion in States currently participating.

The Farmers' Market Nutrition Program (FMNP) provides WIC participants access to fresh fruits and vegetables and expands the awareness and use of farmers' markets by consumers. The 2001 budget proposes \$20 million within the CAP account for FMNP. This is a \$3 million increase over the 2000 program level. The increase will permit expansion into new counties in States currently participating in the program, as well as possibly bring new States into the program. The most recent data available shows that the FMNP provided coupons to over 1.3 million WIC participants. The participants redeemed their coupons at 1,529 farmers' markets, providing revenue to 9,589 small, family farmers.

Food Donations Programs. In coordination with DHHS, FNS also provides funding for Nutrition Program for the Elderly (NPE) which provides subsidized meals to persons aged 60 or older at low-income elderly centers and through "meals on wheels" programs. The 2001 budget would increase this program by \$9 million, to \$150 million. This increase will permit participation growth and a modest increase in the meal reimbursement rate.

The program also provides nutrition assistance to certain Pacific Islands and contingency funds for non-Presidentially declared disasters.

Food Program Administration. Funding of \$129 million is requested to maintain program operations, enhance program integrity initiatives, provide additional resources to continue upgrading Information Technology infrastructure and systems, and increase the emphasis on improved nutrition among participants in the domestic nutrition assistance programs, and for other Americans.

FOOD, NUTRITION, AND CONSUMER SERVICES

In further support of the Department's healthy meals initiative, and recognizing the proven link between good nutrition and good health (and lower health care costs), the budget recognizes the need to strengthen nutrition education for all Americans, especially nutrition assistance program participants, with \$4.5 million for the Center for Nutrition Policy and Promotion (CNPP). The budget includes a \$2 million increase for an integrated nutrition education program to promote the 5th Edition of the *Dietary Guidelines for Americans* and the *Food Guide Pyramid* including the newly released *Pyramid for Young Children*. In addition to promoting the *Dietary Guidelines* with a focus on individuals with particular needs such as low-income children and women, the increase in funds provides for the development of consumer materials that will help low-income individuals apply *Dietary Guidelines* and *Pyramid* concepts within a limited budget.

The budget includes \$8 million to expand program integrity initiatives in the Food Stamp and Child Nutrition Programs.

A new Colonias Initiative would provide \$5 million to fund a Federal-State pilot program to improve nutrition and health in Colonias along the Mexican border with Texas, New Mexico, Arizona and California. The effort will promote nutrition assistance, standard housing, health care, and job training and placement to eligible participants. A portion of USDA's Rural Development Program loans and grants are targeted to the Colonias. Colonias are rural, unincorporated subdivisions located along the Texas-Mexico border and are some of the poorest communities in the Nation. They are characterized by substandard housing, poor sanitation systems, and a lack of clean water. Two-thirds of the 400,000 residents are U.S. citizens. Many are thought to be eligible for food and other assistance programs, but are underserved and otherwise unaware of assistance programs available for them.

FOOD, NUTRITION, AND CONSUMER SERVICES

Food and Nutrition Service

Key Indicators

	1999 Actual	2000 Estimate	2001 Budget
Average Participation, millions:			
Food Stamps.....	18.2	18.1	18.9 a/
Free School Lunch.....	13.2	13.6	13.8
School Lunch, Total.....	26.9	27.4	27.8
Free Breakfast.....	5.9	6.1	6.3
Total Breakfast.....	7.5	7.8	8.0
WIC.....	7.3	7.4	7.4
Commodity Supplemental Food Program (CSFP):			
WIC-type.....	0.11	0.11	0.10
Elderly.....	0.30	0.31	0.32
Food Distribution Program on Indian Reservations (FDPIR).....	0.13	0.13	0.13
Nutrition Program for the Elderly (NPE), annual meals.....	252.5	259.0	279.0
Unemployment Rate.....	4.3	4.2	4.4
Average/person/month food benefit in \$:			
Food Stamps.....	\$72.28	\$73.74	\$76.40
WIC.....	32.47	33.25	34.04
CSFP: WIC-type (FNS Funded) b/.....	18.15	18.65	19.19
CSFP: Elderly (FNS Funded) b/.....	13.83	14.45	14.87
FDPIR (FNS Funded) b/.....	33.37	35.02	34.79
Per meal subsidies including commodities c/:			
Free School Lunch.....	\$2.10	\$2.14	\$2.19
Reduced Price School Lunch.....	1.70	1.74	1.79
Paid School Lunch.....	0.33	0.34	0.34
Free Breakfast.....	1.08	1.10	1.13
Paid Breakfast.....	0.20	0.21	0.21
NPE per meal subsidy (cents).....	55.40	54.04	54.04

a/ Includes the impact of legislative proposals.

b/ Excludes bonus commodities. In 1999, an average \$2.02, \$2.49, and \$2.57 was added for each participant monthly for WIC-type, elderly and FDPIR respectively.

c/ Excludes bonus commodities.

FOOD SAFETY

MISSION

Food Safety, the public health mission area of USDA, provides scientific focus, leadership and expertise in addressing the important domestic and international public health and safety issues related to meat, poultry, and egg products regulated by the Food Safety and Inspection Service (FSIS) and the general oversight of the Office of the U.S. Manager of the Codex Alimentarius Commission. Food Safety also leads efforts within the Department to respond to food safety emergencies and coordinates policies and program development with other departments, international organizations, other countries, and State and local governments on these food safety issues.

FOOD SAFETY AND INSPECTION SERVICE (FSIS)

Program Level (Dollars in Millions)			
Program	1999 Actual	2000 Current Estimate	2001 Budget
Federal Food Inspection.....	\$523	\$552	\$585
Import/Export Inspection.....	10	10	12
Laboratory Services.....	29	32	34
Field Automation & Information Management.....	8	8	8
Grants to States.....	41	41	42
Special Assistance to State Programs.....	5	5	5
Codex Alimentarius.....	1	1	2
Existing User Fees and Trust Funds.....	96	102	83
Total, FSIS Program Level.....	713	751	771
Existing User Fees and Trust Funds.....	(96)	(102)	(83)
New User Fees.....			(534)
Total, FSIS Appropriations.....	\$617	\$649	\$154

FOOD SAFETY

FSIS provides in-plant inspection to all domestic establishments preparing meat, poultry, and processed egg products for sale or distribution into interstate commerce, and also reviews foreign inspection systems and plants exporting these products to the United States. FSIS provides technical and cost-sharing assistance to, and review of, States that maintain inspection programs equal to the Federal inspection program. To accomplish these functions, FSIS employees are stationed in approximately 6,000 establishments, including approximately 130 import stations. Headquarters personnel are responsible for overseeing administration of the program and ensuring that the latest scientific and technological developments are incorporated into inspection procedures. FSIS coordinates the development of its policies with other USDA agencies, the Food and Drug Administration (FDA), the Environmental Protection Agency (EPA), the Centers for Disease Control and Prevention (CDC), as well as international organizations, to ensure an integrated farm-to-table approach to food safety.

HACCP Implementation. On July 25, 1996, FSIS published the final rule on Pathogen Reduction and Hazard Analysis and Critical Control Points (HACCP) Systems. The Pathogen Reduction and HACCP rule: (1) requires all meat and poultry plants to develop and implement a system of preventive controls, known as HACCP, to improve the safety of their products, (2) sets pathogen reduction performance standards for *Salmonella* that slaughter plants and plants producing raw ground products must meet, (3) requires all meat and poultry plants to develop and implement written standard operating procedures for sanitation, and (4) requires meat and poultry slaughter plants to conduct microbial testing for generic *E. coli* to verify the adequacy of their process controls for the prevention of fecal contamination.

Implementation of the rule began on January 27, 1997, with the adoption of sanitation standard operating procedures (SSOPs) requirements for all establishments. By the end of the first year of HACCP implementation in 1998, approximately 300 of the largest meat and poultry slaughter and processing establishments, producing 75 percent of all Federally inspected product, had put into place HACCP programs designed to target and reduce harmful bacteria on their products. More than 2,800 small establishments implemented the HACCP and *Salmonella* requirements by January 25, 1999. The remaining very small establishments were required to implement HACCP by the end of January 2000. In order to facilitate implementation, FSIS conducted extensive training of Federal and State inspection personnel in preparation for the new regulatory oversight procedures generated by the HACCP rule.

For 2001, the budget proposes a program level of \$771 million, a net increase of \$19 million over the 2000 current estimate. The 2001 budget includes an increase of \$26.9 million for pay, benefits, and \$0.5 million for civil rights training for FSIS employees. The budget includes the following programmatic changes:

FOOD SAFETY

- ! **HACCP-based Inspection.** The 2001 program level includes a net decrease of \$19 million from improved work methodologies and deployment of the inspection workforce resulting from implementation of HACCP-based inspection procedures. Currently, FSIS is examining how to redefine the functions of inspection personnel under a HACCP-based food safety system. By July 1, 2001, FSIS will begin to implement new slaughter inspection models in 100 poultry broiler establishments that shift the responsibility from FSIS to establishments for segregating animals suitable for food from those not suitable for food under HACCP and other process controls. This will have a substantial impact on the deployment of FSIS in-plant personnel. The overall complexity of inspection work will increase as will the inspector's responsibility. To take full advantage of the new system, FSIS will need to increase compensation and training of personnel for assuming greater responsibility and relocate them to areas of greatest need. Offsetting these costs are savings resulting from an anticipated reduction of part-time and temporary personnel not needed to conduct inspection functions. In addition, FSIS will also implement daily, unscheduled inspection in processing establishments by April 1, 2001. The transition to daily, randomized processing inspection will mean better utilization of inspection personnel. Fewer inspection personnel will be needed because processing inspection will be conducted daily, as required, rather than once on every 8-hour shift. The net effect on program level will be an estimated reduction in overtime receipts of \$19 million and a corresponding reduction of 150 inspection staff years.

- ! **Enhanced Implementation of the Pathogen Reduction/HACCP Systems Rule.** The 2001 budget includes an increase of \$3.3 million to enhance the implementation of HACCP through increased compliance, communication, and regulatory reform. In order to ensure that all establishments providing meat and poultry products to U.S. consumers are meeting HACCP requirements, FSIS will increase the number and intensity of comprehensive reviews of State and foreign inspection programs to determine if they are equivalent with Federal requirements. In addition, the implementation of HACCP and other regulatory reforms has placed increased demands on supervisors and inspectors for learning new processes that have increased the complexity of inspection activities. In order to ensure that these new functions are uniformly and effectively applied, FSIS needs to enable its inspection workforce to hold periodic meetings to address concerns and questions inspectors may have regarding verification of HACCP systems, process control systems, and pathogen testing. The budget will also provide FSIS the resources needed to accelerate regulatory reform through the elimination of regulations not compatible with HACCP.

- ! **President's Food Safety Initiative.** In 2001, the budget includes an increase of \$7.3 million for FSIS to continue making advances in reducing the risk of foodborne illness made under the President's Food Safety Initiative. Further investment in improving food safety will be used to: (1) promote the adoption and enforcement by State agencies of uniform performance standards for commercial handling of inspected meat and poultry products from processing to consumers, (2) promote the adoption of national uniform laboratory standards by Federal, State, and local governments for testing meat and poultry products, (3) implement the Shell Egg Action Plan, (4) conduct risk assessment studies of *Listeria* and *Campylobacter*, and (5) provide training to State governments to facilitate implementation of legislation to permit the interstate shipment of State inspected products.

- ! **Codex Alimentarius.** The Codex Alimentarius Commission develops international food safety standards. The Commission's 165 member countries are encouraged to accept and

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implement Codex-approved standards, but are not obligated to do so. Its recommendations are among those strongly considered in implementing the Sanitary-Phytosanitary (SPS) agreement. FSIS and the Under Secretary oversee the work of the U.S. Manager for Codex Alimentarius. The 2001 Budget includes an increase of \$1 million for FSIS to increase its responsibility for funding an appropriate level of Federal government Codex activities and initiate activities aimed at ensuring full participation of the United States in Codex functions. In addition, FSIS would enhance U.S. leadership in international food safety issues by conducting technical seminars for international delegates to Codex and training U.S. delegates in Codex procedures. The seminars would provide the U.S. a forum for educating delegates about the importance of science-based factors needed to design sanitary and phytosanitary measures. Issues to be addressed at the seminars would include biotechnology, risk analysis, determinations of equivalence, and plans for sampling imported product.

New User Fees. The 2001 budget request proposes legislation to recover the full cost of providing Federal meat, poultry, and egg products inspection. The user fees exclude Grants to States and Special Assistance for State Programs. Requiring the payment of user fees for Federal inspection services would not only result in savings to the taxpayer, but would also ensure that sufficient resources are available to provide the mandatory inspection services needed to meet increasing industry demand. The overall impact on prices as a result of these fees has been estimated to be less than one cent per pound of meat, poultry, and egg products production. The implementation of the user fee authority would be designed to be fair and equitable, promote accountability and efficiency, and minimize the impact on the competitive balance among affected industries. Appropriated funds are requested to cover the costs of Federal inspection until the fees are collected and for maintaining Federal support of State inspection programs.

FSIS' primary program responsibilities include:

Federal Food Inspection. FSIS inspects all carcasses in slaughter plants for disease and other abnormalities, and samples for the presence of chemical residues and microbiological contaminants. Other responsibilities ensure that establishments develop and implement sanitation standard operating procedures, and humane methods of slaughter. Meat and poultry processing operations are inspected by FSIS on a daily basis. Typical processing operations include cutting, boning, curing, freezing and canning. Inspector activities include review of plant operations for sanitation and cleanliness, labeling, and packing functions. FSIS provides mandatory continuous in-plant inspection to egg product processing plants. The inspector checks the acceptability of eggs, the sanitation of plant and equipment, and determines if the egg products have been properly processed.

Import/Export Inspection. FSIS reviews inspection systems in countries exporting meat, poultry and egg products to the U.S. and inspects imported products at ports-of-entry.

Laboratory Services. FSIS operates three laboratories and has agreements with two private laboratories to perform the scientific testing in support of inspection operations. Samples sent to the laboratories are analyzed for food chemistry and to identify the presence of pathogens, residues, additives, disease, and foreign matter.

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Special Assistance for State Programs. FSIS provides training and technical assistance to a variety of State and local agencies that play important roles in reducing risks associated with meat and poultry products.

Field Automation and Information Management (FAIM). FAIM provides automated technology, scheduling information, regulatory information and improved telecommunications capability among the widely dispersed field inspection workforce.

Grants to States. FSIS has authority to approve State meat and poultry inspection programs for products traveling in intrastate commerce. FSIS reviews State inspection programs to assure that standards, at least equal to Federal standards, are applied to meat and poultry plants under State jurisdiction. For State inspection programs, USDA contributes, through the Grants to States Program, up to 50 percent of each State's costs. Currently, 25 States participate in the program.

Codex Alimentarius Commission. FSIS coordinates U.S. participation in and informs the public of the sanitary and phytosanitary standard setting activities of the Codex Alimentarius Commission.

Existing User Fees and Trust Funds. Currently, user fees are collected to recover the cost of inspection provided beyond regularly scheduled operations and on holidays. Establishments requesting voluntary inspection services, which are not mandated by law are also charged a user fee to recover the full cost of the inspection. Under FSIS' proposal to implement daily, unscheduled inspection in processing establishments the industry will save \$19 million in overtime charges paid for such services.

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MISSION

The mission of the Natural Resources and Environment area is to promote the conservation, and sustainable use of natural resources on the Nation's private lands and to sustain production of all the goods and services that the public demands of the National Forests. Two agencies, the Natural Resources Conservation Service (NRCS) and the Forest Service (FS), are primarily responsible for achieving this mission.

NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

Program Level (Dollars in Millions)			
Program	1999 Actual	2000 Current Estimate	2001 Budget
Conservation Operations:			
Conservation Technical Assistance.....	\$548	\$568	\$654
Soil Surveys.....	78	78	78
Snow Surveys.....	6	6	6
Plant Materials Centers.....	9	9	9
Total, Conservation Operations.....	641	661	747
Watershed and Flood Prevention.....	99	91	83
Loan Program.....			(60)
Emergency Supplementals.....	95	80	0
Watershed Surveys and Planning.....	10	10	10
Resource Conservation and Development.....	35	35	36
Forestry Incentives Program.....	16	5	0
Trust Funds.....	4	0	0
Programs Funded by CCC:			
Conservation Security Program	0	0	600
Wildlife Habitat Incentives Program	0	0	50
Environmental Quality Incentives Program.....	174	174	325
Farmland Protection Program.....	0	0	65
Wetlands Reserve Program.....	123	157	286
Total, NRCS.....	\$1,197	\$1,213	\$2,202
Recap:			
NRCS Appropriations.....	\$805	\$802	\$876
Emergency Watersheds.....	95	80	0
Funded from CCC.....	297	331	1,326

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NRCS directs its financial and technical assistance programs to land users through the USDA service centers and through local conservation districts, which are units of State government organized for the purpose of developing and carrying out local conservation programs. USDA has entered into a Memorandum of Understanding with each conservation district and these formal agreements provide a basis for the Department's working relationship with each district.

Within the total proposed funding level of \$2.2 billion for NRCS conservation programs in 2001 is \$1.3 billion in mandatory Commodity Credit Corporation (CCC) funding that the Administration proposes to strengthen the farm safety net. This proposal will continue and expand many of the same conservation programs that were authorized in the 1996 Farm Bill including the Environmental Quality Incentives Program (EQIP), the Conservation Reserve Program (CRP), the Wetlands Reserve Program (WRP), the Farmland Protection Program (FPP), and the Wildlife Habitat Incentives Program (WHIP). In addition, the Administration will propose a new \$600 million Conservation Security Program (CSP) that will provide additional income to family farmers who voluntarily adopt comprehensive plans to curb erosion and protect water supplies from pesticide and nutrient runoff. NRCS will provide the necessary technical assistance needed to fully implement this program.

The Department will continue to emphasize support for locally-led conservation assistance through which the conservation districts, farmers and ranchers and other private landowners and users work with NRCS to identify the most critical local natural resource needs and concerns. This information is then used to help target USDA and other Federal and State environmental and conservation programs in the most cost-effective manner possible.

NRCS's strategic plan focuses on: (1) working directly with farmers and landowners to promote the conservation ethic and to encourage more effective stewardship of the natural resources on their property; and (2) enhancing the health and productivity of the Nation's cropland in order to sustain food and fiber production and healthy watersheds and natural systems.

In order to meet these ambitious goals, NRCS will need to continue to place emphasis on working in partnership with the conservation districts and State conservation agencies to provide assistance to farmers, ranchers, and other landowners and users to conserve and protect the country's natural resources on private lands. The Department will also seek to better coordinate the functions and personnel of the different field agencies in order to provide a more seamless and efficient field delivery system.

Under this budget, the Department will continue to support implementation of the Administration's Clean Water Action Plan primarily through additional financial and technical assistance to owners and operators of animal feeding operations. In the watershed construction area, the Department will continue its efforts to direct funds to only those projects that meet established environmental criteria and where local sponsor support is strong.

Conservation Operations (CO). The 2001 budget proposes \$747 million for CO which includes \$654 million for conservation technical assistance (CTA). This will fund the agency's activities that support locally led, voluntary conservation through the unique partnership that has been developed over the years with each conservation district. This partnership provides the foundation on which the Department implements many of the critical natural resource programs

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including conservation compliance, the CRP and the conservation initiatives called for in the 1996 Farm Bill.

Addressing the water pollution problem caused by animal feeding operations continues to be a high priority within the Department. In March 1999, as called for in the Administration's Clean Water Action Plan, the Department and the Environmental Protection Agency (EPA) jointly released the final Unified National Strategy for Animal Feeding Operations (AFO's) that establishes National performance expectations for all AFO owners and operators and presents a series of actions that USDA and EPA will take to minimize the water quality and public health impacts of the nearly 450,000 AFO's in the United States. To help those AFO operators that need technical assistance to develop and implement waste management plans, NRCS will direct a total of \$87 million in CTA funding in 2001, an increase of \$31 million over 2000. Implementation of the President's Clean Water Action Plan will also be supported in the budget through a \$10 million increase for Competitive Partnership Grants and a \$3 million investment in additional monitoring to help target resources and document baseline conditions and performance.

The proposal for CO also includes \$15 million to help support the USDA share of the Administration's Global Climate Change Initiatives. This includes \$12 million for soil studies and inventories to provide accurate baseline soil carbon data and to assess the impacts of Federal programs on soil carbon stocks at the National, regional, and field levels. The remaining \$3 million increase will be used to fund demonstration and pilot projects to test various carbon sequestration and greenhouse gas mitigation strategies and monitoring mechanisms.

In support of the Administration's Livability Initiative, the budget proposes \$5 million for the Community/Federal Information Partnership. These funds will be used to develop publicly available geospatial data that allow States and communities to make more informed land-use planning decisions.

Finally, the budget proposes an increase of \$5 million to enable NRCS to help communities plan, develop and implement conservation based biomass production systems. This includes \$1 million for training and additional field staff to provide direct technical assistance to producers and communities interested in biomass production as well as \$4 million for competitive start-up grants for community projects.

Watershed and Flood Prevention Operations (WFPO). The 2001 budget proposes a funding level of \$83.4 million for this activity which will be devoted to technical assistance and project implementation costs. The budget request includes the use of \$4 million in subsidy budget authority for a new \$60 million loan program that will provide loans to State and local governments for the rehabilitation of aging dams built over the past 50 years. The Department will again focus project implementation funds on the most cost effective and environmentally beneficial projects and emphasize nonstructural management systems. NRCS will also continue its effort to reduce the backlog of unfunded work by examining approved watershed plans in order to deactivate or revise those that have become infeasible or where local sponsor interest is no longer strong.

Watershed Surveys and Planning. NRCS works with local sponsoring organizations to develop plans on watersheds dealing with water quality, flooding, water and land management,

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and sedimentation problems. These plans then form the basis for installing needed works of improvement. The agency also works cooperatively with State and local governments to develop river basin surveys and floodplain management studies to help identify water and related land resource problems and evaluate alternative solutions. In 2001, this activity is proposed to be funded at \$10.4 million, the same level as 2000.

Resource Conservation and Development (RC&D). The purpose of the RC&D program is to encourage and improve the capability of State and local units of government and local nonprofit organizations in rural areas to plan, develop, and carry out programs for RC&D. NRCS also helps coordinate available Federal, State, and local programs. The 2001 budget, proposing a level of \$36 million, will support the 315 RC&D areas now authorized.

Conservation Security Program (CSP). As a cornerstone of the Administration's Farm Safety Net Initiative, the CSP will provide annual payments to farmers and ranchers who implement various practices that meet the standards developed and approved by NRCS. Payment levels would depend on the range and comprehensiveness of the practices implemented. Eligible practices would include residue or nutrient management, prescribed grazing, and partial field conservation practices such as buffers. The program would be funded by the CCC at \$600 million annually which will cover both security payments and technical assistance costs.

Wildlife Habitat Incentives Program (WHIP). WHIP is a voluntary program that provides cost-sharing for landowners to apply an array of wildlife practices to develop habitat that will support upland wildlife, wetland wildlife, threatened and endangered species, fisheries, and other types of wildlife. A total of \$50 million was authorized for the program in the 1996 Farm Bill and these funds were fully exhausted in 1999. In order to reinstate the program and support the Farm Safety Net Initiative, new legislation will be proposed authorizing an additional \$50 million in spending for WHIP in 2001.

Environmental Quality Incentives Program (EQIP). The purpose of EQIP is to provide flexible technical, educational and financial assistance to landowners that face serious natural resource challenges that impact soil, water and related natural resources, including grazing lands, wetlands, and wildlife habitat management. In addition, it was designed to help producers make beneficial and cost-effective changes to cropping and grazing systems, and in manure, nutrient and pest management, that conserve and improve soil, water, and related natural resources. In 2001, EQIP funding will be increased by \$151 million to \$325 million primarily to: (1) address the President's Clean Water Action Plan by boosting the level of financial assistance available to operators of animal feeding operations; (2) to allow NRCS to increase financial assistance to Native Americans and Alaska Natives as part of the Department's outreach efforts; and (3) to provide additional financial support for the recovery of salmon habitat in the Northwest.

Farmland Protection Program (FPP). Through FPP, the Federal Government establishes partnerships with State, local or tribal government entities to share the costs of acquiring conservation easements or other interests to limit conversion of agricultural lands to non-agricultural uses. FPP acquires perpetual conservation easements on a voluntary basis on lands with prime, unique, or other productive soil that presents the most social, economic, and environmental benefits. FPP will provide matching funds of no more than 50 percent of the purchase price for the acquired easements. Since authorized funding was exhausted in 1998,

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new funding authority of \$65 million per year beginning in 2001 to reauthorize this important program as part of the Administration's Farm Safety Net Initiative.

Wetlands Reserve Program (WRP). WRP is a voluntary program in which landowners are paid to retire cropland from agricultural production if those lands are restored to wetlands and protected, in most cases, with a long-term or permanent easement. Landowners receive fair market value for the land and are provided with cost-share assistance to cover the restoration expenses. The 1996 Farm Bill changed WRP to give producers the option of long-term or permanent easements, or restoration cost-share agreements under which landowners will agree to restore wetlands without payment for the land, receiving only cost-share assistance. Currently, the maximum number of acres that can be enrolled in the program is 975,000. By the end of 2000, there will be only 40,000 acres remaining that could be enrolled under this cap. For 2001, the budget proposes to legislatively remove the acreage cap and enroll 250,000 acres annually. For 2001, this includes 40,000 acres remaining under existing authorities as well as 210,000 acres under the new legislative proposal.

Conservation Reserve Program (CRP). CRP is administered by the Farm Service Agency (FSA) and is described on page 34.

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Program Level (Dollars in Millions)			
Program	1999 Actual	2000 Current Estimate	2001 Budget
Discretionary Accounts:			
Management of the National Forest System a/:			
Ecosystem Assessment and Planning.....	\$179	\$188	\$271
Ecosystem Conservation.....	445	461	487
Public Services and Uses.....	486	499	529
Subtotal, NFS.....	1,110	1,148	1,287
Forest and Rangeland Research.....	213	218	231
State and Private Forestry:			
Forest Health/Fire Protection.....	78	89	96
Cooperative Forestry:			
Forest Stewardship.....	29	30	29
Stewardship Incentives.....	0	0	3
Smart Growth.....	0	0	6
International Forestry.....	0	0	10
Forest Legacy.....	7	30	60
Urban/Community Forestry.....	30	31	39
Other.....	27	28	18
Total, Cooperative Forestry.....	93	119	165
Subtotal, S&PF.....	171	208	261
Wildland Fire Management:			
Presuppression.....	375	409	404
Suppression and Hazardous Fuels b/.....	448	209	216
Repayment to K-V Trust Fund.....	-100	0	0
Contingency funding for FY 2001.....	0	0	150
Reconstruction and Maintenance.....	414	437	425
Land Acquisition:			
Land Acquisition.....	78	80	130
Funding for Purchase of the Baca Ranch c/.....	40	61	0
LWCF Special Land Acq.....	0	15	0
Subtotal, Land Acquisition.....	118	156	130
Alaska Subsistence Management.....	3	0	6
Southeast Alaska Economic Disaster Fund.....	0	22	0
Other Accounts.....	4	5	0
Total, Discretionary Accounts.....	2,756	2,812	3,110

FOREST SERVICE (FS)

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Program Level (Dollars in Millions)

Program	1999 Actual	2000 Current Estimate	2001 Budget
Mandatory Accounts:			
Permanent Working Funds.....	253	224	245
Payments to States, National Forests.....	123	114	138
Payment Funds, Grasslands/Minn.....	127	122	130
Trust Funds.....	232	214	230
Total, Mandatory Accounts.....	735	674	743
Total, Program Level.....	3,491	3,486	3,853
Fire Emergency Accounts:			
Fire Suppression:			
Available Fire Supp. Contingency d/.....	(0)	(240)	(0)
Total, FS.....	\$3,491	\$3,486	\$3,853

- a/ Table reflects the restructuring of the NFS account which includes reducing NFS to three budget line items and the redistribution of General Administration funds to the three line items as well as other Forest Service discretionary accounts. FY 1999 and FY 2000 have been adjusted for comparability.
- b/ Includes the release of the \$102 million of FY 1999 contingency funds and the release of \$100 million of the remaining \$250 million of FY 1997 emergency contingency funds.
- c/ A total of \$101 million (which includes \$40 million previously appropriated in 1999) was made available in FY 2000 for purchase of the Baca Ranch subject to authorizing legislation.
- d/ FY 2000 reflects the \$150 million remaining of the FY 1997 emergency contingency funds and \$90 million of FY 2000 contingency funds.

The FS, with an employment ceiling of 35,611 staff years in 2000 is the largest employer in USDA. The mission of the FS is to sustain the health, diversity and productivity of the Nation's Forests and Grasslands to meet the needs of present and future generations. Encompassing this mission, the GPRA strategic plan for the FS establishes three broad goals: Ensure Sustainable Ecosystems; Provide Multiple Benefits for People within the Capabilities of Ecosystems; and Ensure Organizational Effectiveness. The Natural Resource Agenda, announced in March of 1998, prioritizes four key priority areas within the GPRA plan that need the agency's and the public's immediate attention. Those are watershed health and restoration, sustainable forest management, the National Forest road system; and recreation. This year the budget provides additional funding for all four Natural Resource Agenda priorities. The FS operates in three major program areas:

! National Forest System (NFS). The FS manages approximately 192 million acres of public land about 110 percent of the area of the State of Texas -- located in 44 States, Puerto Rico, and the Virgin Islands. These lands, known collectively as the National Forest System, are managed for multiple use on a sustained-yield basis using sound ecological principles to meet the needs of people today while maintaining or improving the productivity, health, resilience and vigor of forest resources for future generations. The National Forests

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produce diverse benefits for the American people ranging from outdoor recreation, wildlife and fish and watershed protection, to timber, forage, and minerals.

For 2001, total funding for NFS is proposed at \$1.3 billion. This is \$139 million, or a 12 percent increase above 2000. Recognizing that many rural, forested communities rely on recreation as a job and revenue generator, the 2001 budget includes a \$46 million increase in recreation and wilderness management, with \$30 million to be devoted specifically to a Tourism and Rural Development Initiative. An additional \$21 million is being requested to improve wildlife and fish habitat on National Forest lands. The budget also proposes a \$83 million increase for planning, inventory and monitoring of activities being conducted on all the National Forests. Inventorying and monitoring resources and activities on the National Forests are critical to ensuring that the agency can continue to provide goods and services to the public within capabilities of ecosystems. In addition, most of the forests' individual forest management plans are seriously obsolete in terms of incorporating the latest science, management practices, and public expectations. Accordingly, this increase includes funding which allows 34 forests to begin and continue their forest plan revision processes. Funds are also included to pursue meeting objectives under the Clean Water Action Plan, particularly the assessment called for under the Unified Federal Policy for Watershed Management on Federal lands which will lead to more efficient and effective management of Federally owned watersheds.

In response to a National Academy of Public Administration report, the FS is proposing to revise the budget structure for the NFS appropriation. The National Academy of Public Administration report noted that the current discretionary budget structure does not support adequate linkage of the FS strategic plan, forest plans and performance measures. As a result accountability and financial integrity suffered. The NFS appropriation will consist of three budget line items: Ecosystem Assessment and Planning; Ecosystem Conservation; and Public Services and Uses. The new budget structure will focus debate on outcomes and outputs rather than budget line items, reflect the nature of the work being done rather than artificially categorizing tasks to match budget lines, increase accountability in program delivery, simplify agency accounting, and simplify the budget by reducing budget line items and expanded budget line items.

! Forest and Rangeland Research. The FS maintains one of the world's largest forest research organizations. While it has a very broad mission to develop the knowledge and technology needed to enhance the economic and environmental values of all the Nation's Forests and related industries, it also must support the specific research needs that arise from the FS's prime responsibility of managing the NFS.

For 2001, the Forest Research budget proposes funding of \$231 million, a \$13 million and a 6 percent increase over 2000. The budget includes increases of \$3 million for carbon cycle research as part of the Global Change Research Program, \$3 million for the Climate Change Technology Initiative for carbon sequestration, and \$1 million for Partnership for Advanced Technology in Housing (PATH). The budget also includes the new Bioenergy/Biobased Products Initiative to accelerate the development and use of bio-based technologies, which converts crops, trees and other biomass into a vast array of fuels and products. As part of this initiative, \$9.5 million in research on faster-growing trees and the use of small-diameter

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trees for commercial biobased products will be conducted. In addition, the budget proposes \$8.6 million for research related to invasive species. In 2001, the FS will transfer 5,807 research products, tools and technologies to public and private land managers (compared to 5,011 for 2000).

! State and Private Forestry. The FS makes grants and provides technical assistance to State forestry agencies and other cooperators for protecting forest resources and improving sustainable forest management on nonindustrial private forest lands. Funding is provided for forest pest suppression on all Federal lands and cost-share assistance is made available for pest suppression on private lands. A Cooperative Fire Protection Program provides technical and limited financial support for State wildfire fighting organizations. The Forest Stewardship and Stewardship Incentives Programs provide technical and financial assistance to nonindustrial private landowners for a variety of stewardship practices including tree planting. In addition, there are several important programs which provide technical and financial assistance to natural resources dependent rural communities.

Total funding is proposed at \$261 million for 2001. The programs in the Lands Legacy Initiative account for most of the increase. (See page 80.) Protection of forest resources of all ownerships, including Federal lands, from damage due to pests is funded at \$63 million. Assistance to State wildfire fighting agencies and rural volunteer fire departments is funded at \$33 million, a \$6 million and 22 percent increase over 2000. The Cooperative Forestry Programs are funded at \$165 million, a \$46 million and a 39 percent increase over 2000. In 2001, under the Forest Legacy Program, the FS will acquire land or interests in land on 183,112 acres (compared to the 2000 level of 157,632 acres) and the Urban and Community Forestry Program will have 12,850 communities (compared to the 2000 level of 10,000) participating in its program. The International Forestry Program has been added to State and Private Forestry as a budget line item and is funded at \$10 million.

! Wildfire Management

The Wildland Fire Management Program funds both preparedness costs such as the pay and training of permanent fire crews and aircraft availability, as well as the cost of operations to suppress fires. The cost of fire suppression has varied dramatically during the last two decades, and is inherently unpredictable.

The 1994, 1996 and 1999 fire seasons were three of the most severe and expensive firefighting seasons on record. In 1994, \$678 million was spent on fire suppression, \$513 million in 1996, and \$591 million in 1999. The 10 year average (1990-1999) is \$296.9 million. Firefighting has become more expensive because of the growth of urban areas into what were previously wildlands. This has meant that fire must be fought vigorously to protect human life and property rather than making decisions based solely on natural resource values. In addition, drought, insect infestations and continual suppression in some areas have caused a significant buildup of fuels.

The 2001 budget provides \$366 million for fire suppression consisting of \$216 million in direct appropriations and \$150 million of emergency contingency funding to be used on an as needed basis. In addition, \$240 million of emergency contingency funds from prior years remains available. For preparedness activities, the Wildland Fire Management request

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includes \$404 million. The Hazardous Fuels Management Program (a component of fire suppression) is funded at \$75 million, a \$5 million increase over the amount for 2000. In 2001, preparedness funding will provide for 74 percent of the Most Efficient Level (equaling the 2000 level), and suppression funding will provide for 1,3445,000 acres of hazardous fuels to be treated compared to the 2000 level of 1,320,000 acres.

Watershed Health and Restoration. FS managed lands serve as the headwaters for many major river systems and aquifers that are essential for the Nation's water supply, and contain valuable riparian, wetland, and costal areas. Consistent with mandates from the Organic Act through the Clean Water and Safe Drinking Water Acts, watershed health and restoration is the overriding priority and/or concern in planning for and implementing resource management

Programs Related to Watershed Health and Restoration (Dollars in Millions)

Program	1999 Actual	2000 Current Estimate	2001 Budget
Wildlife Habitat Managment.....	\$36.0	\$36.0	\$42.0
Grazing Management.....	32.7	32.8	32.9
Forestland Vegetation Management.....	64.0	68.2	62.4
Watershed Improvements.....	29.8	35.4	40.1
Soil, Water, Air Operations.....	29.4	30.1	29.2
Hazardous Fuels Reduction.....	65.0	70.0	75.0
Inland Fisheries Habitat Management.....	19.7	23.3	27.3
Anadromous Fisheries.....	22.7	25.4	29.8
Rangeland Vegetation Management.....	31.3	32.3	39.6
Forest Health: Federal and Coop. Lands.....	56.2	62.1	62.8
TE&S Species Habitat Management.....	29.9	30.0	36.4
Forest Health Stewardship.....	0.0	0.0	10.0
Total, Watershed Health/Restoration Prog.....	\$416.7	\$445.6	\$487.5

actions. Several FS programs play an important role in protecting and restoring degraded watersheds. The aggregate funding proposed for these programs is \$42 million above the 2000 level, a 9 percent increase. Included in this increase is a new \$5 million Watershed Restoration and Enhancement pilot targeted at ecosystem analysis at a watershed scale for existing bio-regional plans.

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Sustainable Forest Management (Dollars in Millions)

Program	1999 Actual	2000 Current Estimate	2001 Budget
Forest and Rangeland Research.....	\$213.2	\$217.7	\$231.0
Forest Stewardship.....	29.4	29.8	29.4
Stewardship Incentives Program.....	0.0	0.0	3.0
Smart Growth.....	0.0	0.0	6.0
Forest Legacy.....	7.0	30.0	60.0
Urban and Community Forestry.....	30.2	31.0	39.5
Economic Action Programs.....	17.5	20.2	11.3
Cooperative Fire Protection.....	22.9	27.2	32.5
Total, Sustainable Forest Management.....	\$320.2	\$355.9	\$412.7

Sustainable Forest Management. Two thirds of the Nation's forest land is managed by owners other than the Federal Government. The FS seeks to engage all forest landowners to ensure sustainable forest management in the U.S. The aggregate funding proposed for these programs is \$57 million above the 2000 level, a 16 percent increase.

National Forest Road System. The FS continues to be concerned about the condition of the forest road system. Road maintenance is funded at \$130 million an increase of \$13 million over 2000. In addition to increased funding, the FS has pursued several policies that will improve its transportation system. During 1999, the FS issued an interim rule temporarily suspending permanent and temporary road construction in certain unroaded areas. The temporary suspension is in effect until the development of a revised transportation policy and new analytical tools, or 18 months, whichever is sooner. A proposed transportation policy rule is expected in 2000.

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Programs Included in Lands Legacy Initiative (Dollars in Millions)

Program	1999 Actual	2000 Current Estimate	2001 Budget
Land Acquisition.....	\$118.3	\$155.8	\$130.0
Forest Legacy.....	7.0	30.0	60.0
Urban and Community Forestry.....	30.2	31.0	39.5
Smart Growth.....	--	--	6.0
Total, Forest Service Lands Legacy.....	\$155.5	\$216.8	\$235.5
Roads and Trails to Percent Land.....	10.0	10.0	10.0
Total.....	\$338.8	\$362.1	\$397.1

Recreation. The National Forests are the leading provider of outdoor recreation use. The public uses the National Forests for a broad array of outdoor recreational experiences, including camping, hiking, hunting, fishing, and skiing, mountain biking, snowmobiling, bird watching and participating in archaeological excavations. Funding in support of recreation includes the operation and maintenance of outdoor recreation facilities, and wildlife and fish habitat work which supports game species as well as the wildlife resource generally. The aggregate funding for these programs is \$35 million above the 2000 level, a 9 percent increase. During 1999, the FS released the Recreation Agenda and held a National recreation summit. The six Point Action Plan in the Agenda calls for investing in special places, improving market research, improving conservation education, outreaching to urban, minority and underserved communities, improving facilities, and addressing key access issues. The budget proposes \$30 million for a Tourism and Rural Development Initiative which will assist in the implementation of the Recreation Agenda by funding the development of tourism plans, the analyzing of special use permits, the development of trails, the restoration or construction of recreational facilities and the establishment of tourism opportunities.

Lands Legacy Initiative

As the Nation's population and prosperity grows, there are new challenges to preserve the natural heritage and green spaces that Americans have come to treasure. The President's Lands Legacy Initiative proposes a \$1.4 billion National program to protect great places and to provide the tools for localities and states to plan for smart growth and open space preservation.

FS land acquisitions will continue to add lands valuable for recreation, wildlife habitat, and watershed protection to the National Forests. The Forest Legacy Program provides funds for the acquisition of easements on private lands to protect critical environmental habitat threatened with development. The Urban and Community Forestry Program provides grants to States and localities to establish, maintain, or expand urban and community forests and related open spaces that serve to support viable communities and neighborhoods. The new Smart Growth Partnership Program is a revolving loan program for State and local governments, non-profit corporations, Indian tribes and cooperatives to use subsidized loans for smart growth land

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acquisition, easements and land use management. This will help communities to protect open spaces, limit sprawl, enhance air and water quality, reduce greenhouse emissions and increase greenspace. The program will be based on the Department's existing Intermediary Relending Program, in which direct loans are provided to intermediate borrowers such as State and local governments, non-profit corporations, Indian tribes and cooperatives which in turn relend the funds to land trusts, private non-profit organizations, and others.

Key Legislative Initiatives

! Payments to States. Under existing law, 25 percent of most FS receipts are paid to the States for distribution to the counties in which the forests are located for financing roads and schools. About 800 counties across the Nation receive such payments. Historically, the largest source of receipts is from the sale of timber on the National Forests. These payments have decreased in recent years as timber harvests have declined on public lands due to changing public values, new science, and shifting international and National market conditions. Moreover, a significant portion of the timber program now consists of the sale of lower valued material such as smaller diameter or dead and dying trees to achieve better forest and watershed conditions. This also tends to dampen receipts and payments.

In the 2000 budget, the Administration proposed legislation which would provide all county governments with a predictable and equitable level of payments for the National Forests. While it was not enacted, the problem of declining payments linked to timber receipts remains. In 2001, the Administration will again propose legislation to stabilize the payments. The program will continue to be funded by a permanent indefinite appropriation to ensure that payments will not decline in future years.

In order to offset the Payments to States proposal, several mandatory savings proposals are included in the 2001 budget. These include: permanently extending the Recreation Fee Program beyond 2002; revising the current ski fee structure to assure the government's collection of fair market value; requiring timber bids to be available only through sealed bid auction procedures, rather than open bid as is now the case in some places, unless the Secretary determines oral auction would result in a higher bid; allowing non-timber interests to bid on timber sales; requiring that the minimum bid level on commodity timber sales be equal to the costs of sale preparation and harvest management; and revising timber sales contracts to avoid future damages.

! Healthy Investments in Rural Economies (HIRE). The FS proposes to establish the HIRE initiative to hire thousands of skilled workers in rural communities through public works contracts and begin to reduce the backlog of priority maintenance, reconstruction and forest health projects on NFS lands. This proposal will reshape several permanent and trust fund accounts so that they are more accountable, flexible, and targeted to high-priority projects that promote both sound land management and private-sector job creation.

! Land Acquisition Reinvestment Fund. The FS proposes to increase authority for land sales and acquisitions to focus on acquiring high priority wetlands, riparian areas, threatened and endangered species habitat, areas of high biological diversity, wildlife corridors, and other

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high value conservation areas to ensure increased environmental benefits and government value.

! Facilities Acquisition and Enhancement Fund. The FS proposes the authority to elect to sell facilities, buildings, constructed features and any appurtenant land, excess to its needs, and to use the proceeds for acquiring or developing land and improvements.

MARKETING AND REGULATORY PROGRAMS

MISSION

The mission of Marketing and Regulatory Programs is to expand the domestic and international marketing of U.S. agricultural products and to protect the health and care of animals and plants. These programs improve market competitiveness and the farm economy for the overall benefit of both consumers and American agriculture.

The Marketing and Regulatory Programs are administered by three agencies: the Animal and Plant Health Inspection Service (APHIS); the Agricultural Marketing Service (AMS); and the Grain Inspection, Packers and Stockyards Administration (GIPSA).

**Program Level
(Dollars in Millions)**

Program	1999 Actual	2000 Current Estimate	2001 Budget
Pest and Disease Exclusion:			
Agricultural Quarantine Inspection (AQI).....	\$183	\$210	\$240
Fruit Fly Exclusion and Detection.....	23	25	55
All Other.....	53	54	55
Plant and Animal Health Monitoring:			
Animal Health Monitoring and Surveillance.....	63	66	70
Animal and Plant Health Regulatory Enforcement.....	6	6	6
Emergency Management System.....	0	1	6
Pest Detection.....	6	7	7
Pest and Disease Management:			
Boll Weevil.....	16	15	3
Brucellosis Eradication.....	12	11	8
Emerging Plant Pests.....	1	4	29
Noxious Weeds.....	a/	a/	2
Pseudorabies.....	4	5	4
Wildlife Services Operations.....	30	31	29
All Other.....	26	24	30
Animal Care.....	9	11	16
Scientific and Technical Services.....	52	53	54
Contingency Fund.....	4	4	4
Invasive Species.....	0	0	9
Total, APHIS Salaries and Expenses.....	488	527	627
Emergency Programs Funded from CCC.....	143	88	0
Trust Funds.....	13	13	13
Buildings and Facilities.....	8	5	5
Total, APHIS Program Level.....	\$652	\$633	\$645
Recap:			
APHIS Appropriations.....	\$345	\$356	\$419
AQI User Fees.....	152	175	202
Emergency Programs.....	143	88	0
Trust Funds.....	13	13	13
New User Fees.....	0	0	11

a/ Less than \$500,000.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS)

APHIS is responsible for protecting U.S. animal and plant resources from diseases and pests, addressing conflicts with wildlife, and responding to issues of animal well-being. The major areas of activity are as follows:

- ! Providing inspection and quarantine services at U.S. ports of entry to prevent the introduction of foreign or exotic diseases or pests;
- ! Surveying and monitoring the spread of plant pests and animal diseases for Federal, State, local, and private action and to document U.S. agricultural health status for trading partners;

MARKETING AND REGULATORY PROGRAMS

- ! Administering control and eradication programs to combat outbreaks of plant pests and animal diseases;
- ! Providing scientific and technical assistance to mitigate damage caused by wildlife to agricultural, industrial, natural resources, or human health;
- ! Inspecting for humane care and handling of animals used in research, exhibition or the wholesale pet trade; and
- ! Providing scientific and technical assistance for biotechnology, disease diagnostics, and pest control methods development.

APHIS conducts agricultural pest and disease inspection services at all major international airports, shipping ports and land borders. While the agency's field activities are managed through 13 regional offices and 407 field offices, APHIS is now in the process of consolidating its current regional offices into two regional hubs, located in Raleigh, NC and Ft. Collins, CO. Much of the agency's work is conducted in cooperation with State and local agencies, private groups, and foreign governments.

The 2001 budget proposes a program level of \$627 million for salaries and expenses, a \$100 million increase above the current 2000 estimate. This large increase for 2001 reflects a decision to fund through appropriations several emergency programs that had been started with funds transferred from the Commodity Credit Corporation (CCC). These include increases for Fruit Fly Exclusion and Detection to address Medfly infestations and Emerging Plant Pests to address infestations, such as Citrus Canker and Asian Long-horned Beetle. In addition, important initiatives to improve APHIS' emergency management system and a new Invasive Species Program will protect American agriculture from deliberate or accidental introductions of pests and diseases. Program increases for Animal Health Monitoring and Surveillance and Animal Welfare activities are offset by decreases as a result of program successes in brucellosis, pseudorabies, and use of the Farm Service Agency (FSA) loan program for eradicating boll weevil. Additionally, the 2001 budget proposes user fees to recover some of the costs for administering Animal Care and Biotechnology Programs.

Agricultural Quarantine Inspection (AQI). The AQI program is the Nation's front-line defense against the introduction of dangerous agricultural pests and diseases from other countries. User fees are charged for inspection of international passengers, aircraft, ships, railcars and trucks. The 2001 budget proposes \$240 million for AQI activities, an increase of \$30 million over the current 2000 estimate due to increased activity and increased fees to provide better service. Expansion of the global economy and free trade have caused an increase in the volume of passengers and cargo arriving in the U.S. at additional ports of entry, with additional facilities at existing ports of entry. APHIS will improve point-of-entry inspection programs by providing additional inspectors, expanding canine teams and state-of-the art high-definition x-ray machines at high risk ports-of-entry, on the Canadian and Mexican borders, and in Hawaii. APHIS has an 85 percent success rate in clearing international passengers within 30 minutes or less. Likewise, passengers crossing at U.S. land border points, in non-peak traffic periods, are now cleared through the inspection system in 20 minutes or less on the northern border and 30 minutes or less on the southern border.

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Fruit Fly Exclusion and Detection. The 2001 budget requests \$55 million, an increase of \$30 million in appropriated funding for Medfly eradication, an emergency program previously funded through the CCC. Through the trilateral MOSCAMED partnership with Mexico and Guatemala, APHIS conducts activities to establish and maintain a Medfly barrier in western Guatemala which prevents the spread through Mexico and into the U.S. APHIS will continue cooperative efforts with States on trapping quality assurance activities. The appropriated funding will reassure U.S. trading partners of our commitment to fruit fly control and ease entry of U.S. produce into foreign countries.

Animal Health Monitoring and Surveillance (AHMS). The 2001 budget requests \$70 million, \$4 million above the current 2000 estimate to provide defensible data on the health status of U.S. National herds and flocks. It would focus on continuing the monitoring and surveillance program begun with CCC funds for Classical Swine Fever. A quality assurance and certification program would reduce the incidence of Johne's Disease, an intestinal problem which causes a loss of production in dairy cattle. Funds would also be used to implement the National Veterinary Accreditation Program, database development, and continuing education. The funding will assure high quality animal products for our trading partners and enable cooperative Federal-State-University studies to determine the epidemiological and statistical principles of critical animal disease control and diagnostic testing methods.

Emergency Management System. The 2001 budget requests \$6 million, an increase of \$5 million, to enhance emergency preparedness and response capabilities to address animal disease issues that threaten the U.S. food supply. APHIS will continue efforts to establish a National Emergency Management Operations Center, conduct specialized biosecurity training, place these trained veterinarians in various area offices, establish a genetic fingerprinting library of animal pathogens, and conduct several exercises to test our level of preparedness for responding to an act of bio-terrorism.

Boll Weevil. The 2001 budget proposes funding at \$3 million, a reduction of \$12 million below the current 2000 estimate. Since eradicating the boll weevil provides significant financial benefits to growers, the Department proposes to eliminate the APHIS grants-in-aid to boll weevil foundations and rely on loans made available to these grower foundations from FSA. APHIS would maintain oversight and technical support responsibilities for eradication and infested areas.

Brucellosis. The Department cooperates with State governments, industry organizations, and individual herd owners to eradicate brucellosis. Consistent with continued program success, the 2001 budget proposes \$8 million, a \$3 million reduction, in brucellosis eradication expenditures. APHIS has only 6 States in the final stages of eradication and anticipates that all 50 States will be in Class "Free" Status by the end of FY 2000. APHIS expects to continue wildlife brucellosis efforts in Yellowstone bison, reindeer in Alaska and feral swine.

Emerging Plant Pests. The budget proposes \$29 million, an increase of \$25 million to continue emergency efforts begun with transfers from the CCC for Citrus Canker and Asian Long-horned Beetle. The Asian Long-horned Beetle programs in Illinois, New York, Pennsylvania, and Vermont are in place to prevent a potential agricultural impact of \$47 billion in annual trade for the northeastern States alone. Meanwhile APHIS conducts and evaluates survey data to assess the scope of infestation, while targeting other exotic wood-boring pests. Additionally APHIS

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will continue Citrus Canker programs in Florida, addressing on-going cooperation and eradication efforts to safeguard the \$6 billion citrus industry in Florida.

Wildlife Services Operations (WS). The 2001 budget proposes \$29 million, a decrease of \$2 million for special efforts, such as controlling wolf/coyote damage, Brown Tree Snake mitigation, and wild canine rabies vaccination efforts. APHIS would require cooperators to assume a larger share of direct program costs. Full funding is provided for aviation safety as part of APHIS' on-going efforts with the Federal Aviation Administration.

Animal Care. The 2001 budget proposes \$16 million for the Animal Welfare Act (AWA) activities, an increase of \$5 million above the current 2000 estimate. The increase would maintain all current activities, increase the number of inspections, and improve follow-up to verify corrections of prospective violators. APHIS would expand outreach efforts to the general public and AWA regulated facilities by increasing the amount of educational resources available, encourage participation at industry meetings, and allow the development of industry specific training for animal care and welfare.

Invasive Species. In February 1999, President Clinton signed an Executive Order to coordinate Federal programs in a strategy to address the growing environmental impact posed by foreign invasive species. The 2001 request for \$8.8 million reflects new funding to develop a National rapid assessment and response system for invasive plant pests. This program is critical to the establishment of an effective noxious weed prevention and control strategy for the U.S. so that future threats to U.S. agriculture are kept to a minimum.

Buildings and Facilities. General repairs and maintenance of APHIS buildings would be funded at \$5 million including repair and modernization of the Plum Island Animal Disease Center. Additionally, APHIS will collaborate with ARS, which is requesting \$9 million to begin modernization of the National Veterinary Services Laboratory and National Animal Disease Center in Ames, Iowa.

Program	2000		2001 Budget
	1999 Actual	Current Estimate	
Marketing Services:			
Market News.....	\$22	\$22	\$29
Shell Egg Surveillance and Standards Development.....	6	6	6
Market Protection and Promotion:			
Pesticide Data Program.....	11	13	14
Microbiology Data Program	0	0	6
Organic Certification.....	1	1	2
Other.....	4	4	4
Wholesale Market Development.....	2	3	3
Transportation Service.....	3	3	3
Total, Marketing Services.....	49	52	67
Payments to States.....	1	1	2
Section 32 Funds:			
Marketing Agreements and Orders (MA&O).....	11	12	13
Commodity Purchase Services.....	7	9	10
Total, Section 32 Funds.....	18	21	23
User Fees:			
Perishable Agricultural Commodities Act.....	7	7	7
Commodity Grading Services.....	173	171	171
Total, User Fee Funded Programs.....	180	178	178
Total, AMS Program Level.....	\$248	\$252	\$270
RECAP:			
AMS Appropriations.....	\$50	\$53	\$69
User Fees.....	180	178	178
Section 32.....	18	21	23

AGRICULTURAL MARKETING SERVICE (AMS)

AMS facilitates the marketing of agricultural products in domestic and international markets, while ensuring fair trading practices. AMS programs promote a competitive and efficient marketplace, which benefits consumers and producers. A majority of AMS programs are voluntary and funded by the users of the program. AMS has cooperative agreements with the States to administer in whole or in part several AMS programs. Under these agreements, State employees carry out the program. AMS is organized along commodity lines that reflect major segments of the agricultural industry. Headquarters staff are responsible for overseeing the administration of programs. AMS field employees are located in processing plants, at shipping points, produce terminals, auction houses, and warehouses. Field offices, established for supervision and administrative purposes, are located in key production areas.

For 2001, the AMS budget proposes a program level of \$270 million of which \$178 million (66 percent) will be funded by user fees and \$92 million (34 percent) by appropriations and Section 32 funds.

Marketing Services. AMS administers a variety of programs that enhance the marketing and distribution of agricultural products. Activities include the dissemination of market information, surveillance of shell egg handling operations, development of grade standards, protection of

MARKETING AND REGULATORY PROGRAMS

producers from unfair marketing practices, random testing of commodities for pesticide residues, development of organic standards, research and technical assistance aimed at improving efficiency of food marketing and distribution, and pesticide recordkeeping.

The 2001 budget requests an increase of \$15 million for a variety of program activities including:

- ! \$7 million to continue mandatory price reporting for livestock and meat and to expand coverage of organic fruits and vegetables and foreign markets. In 2000, AMS will begin implementing mandatory price reporting for livestock and meat with funds provided through emergency appropriations. Increased market news reporting is needed to ensure that all participants have the same access to accurate market information. The availability of these reports will counteract market forces contributing to concentration and excessive margins.
- ! \$1.1 million to complete planning and begin implementing pesticide residue testing in support of the Environmental Protection Agency (EPA's) water testing program. This data is necessary to ensure that the risks associated with pesticides important to American agriculture are accurately assessed by EPA. EPA will use the data to develop exposure criteria needed to fulfill the requirements of the Food Quality Protection Act (FQPA) of 1996. There is no other source of information for this data and AMS is uniquely positioned to collect this data in the most cost-effective manner possible.
- ! \$6.2 million to broaden the scope of Pesticide Data Program (PDP) to include microbiological testing of fruits and vegetables as part of the President's Food Safety Initiative. Scientifically-sound estimates of pathogenic contamination will be used to assess the food safety risk posed by microbiological pathogens on fruits and vegetables and target resources to the highest risk areas. Program costs will be minimized by utilizing PDP's existing sampling infrastructure, State laboratories, and data reporting capabilities.
- ! \$0.7 million to establish Market Reporting of organic products and to finalize implementation of the National Organic Program, including development of an international certification program, accreditation of State Departments of Agriculture and private persons, establishment of a system to prevent fraudulent labeling, and extensive customer outreach.

Payments to States. Under this program, AMS provides matching funds to State Departments of Agriculture for projects aimed at improving marketing efficiency, reducing marketing costs for producers, and lowering food costs for consumers. The 2001 budget includes an increase of \$300,000 to develop small farm, export, and sustainable agriculture activities that will assist small farmers increase their marketing opportunities.

Section 32 Funds. Section 32 of the Act of August 24, 1935, authorizes the appropriation for each fiscal year of an amount equal to 30 percent of the gross receipts from duties collected under custom laws of the United States during the preceding calendar year. Unused amounts which do not exceed \$300 million are available for use in the following fiscal year. These funds are used to: encourage exports of agricultural commodities; encourage domestic consumption of such commodities; and to re-establish farmers purchasing power. Section 32 funds are also used to finance the administrative costs associated with the purchase of commodities that support domestic food and nutrition assistance programs, such as the National School Lunch Program.

MARKETING AND REGULATORY PROGRAMS

In addition, AMS is responsible for developing the specifications used for food procurement throughout the Federal government. For 2001, AMS is requesting an additional \$1 million to improve information systems used to support commodity purchasing programs and to develop a centralized management information system that will permit increased standardization of products.

Marketing agreements and orders help stabilize market prices and the supply of milk, fruit, vegetables, and certain specialty crops. The orders are administered locally by marketing order committees and market administrators. Local activities are funded through assessments on regulated producers and handlers. Section 32 funds are also used to finance the administration of marketing agreements and orders at the National level. For 2001, the budget includes a \$1 million increase to analyze issues related to organic farming and marketing orders. As the production of organic fruits and vegetables increases, more data and analysis will be necessary to determine how fruit and vegetable marketing agreements and orders should be changed to maintain stable markets.

Perishable Agricultural Commodities Act. This Act provides protection to producers, shippers, distributors, and retailers from unfair and fraudulent practices in the marketing of perishable agricultural commodities. Full and prompt payment for such products is a key objective of the program. The program is funded through an annual licensing fee paid by those subject to the Act.

Commodity Grading Services. AMS provides voluntary commodity grading and classing services for dairy products, fresh and processed fruits and vegetables, meat and meat products, poultry, eggs, tobacco, and cotton. AMS recovers the cost of these services through user fees.

Program	1999 Actual	2000	2001 Budget
		Current Estimate	
Salaries and Expenses:			
Grain Inspection Activities.....	\$11	\$12	\$14
Packers and Stockyards Activities.....	16	15	19
Total, Salaries and Expenses.....	27	27	33
Inspection and Weighing User Fees.....	35	43	43
Total, GIPSA Program Level.....	62	70	76
Existing User Fees.....	-35	-43	-43
New User Fees:			
Grain Standardization	--	--	-4
Capitalization and Startup Costs	--	--	4
Packers and Stockyards Activities	--	--	-19
Total, GIPSA Appropriations.....	\$27	\$27	\$14

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION (GIPSA)

GIPSA establishes the official U.S. standards for grain, conducts official weighing and grain inspection activities, and grades rice, dry beans and peas, processed grain products, and hops. The agency also provides assurance for the financial integrity of the livestock, meat, and poultry markets. The agency monitors the activities of dealers, market agencies, live poultry dealers and packers in order to protect producers, consumers, and industry from deceptive and fraudulent practices in the meat and poultry industries.

GIPSA supervises 8 State and 51 designated private agencies for grain inspection and weighing services at domestic locations; provides supervision and other services from 21 field offices; and handles appeals of grain inspection services in Kansas City, Missouri. In 1999, Packers and Stockyards (P&S) Programs restructured its activities into a single policy/litigation support office with three branches and transferred 20 percent of headquarters positions to the field. The Des Moines, Iowa Regional office handles hogs, the regional office in Atlanta, Georgia handles poultry, and the regional office in Denver, Colorado handles cattle.

For 2001, the budget proposes a program level for salaries and expenses of \$33 million with \$14 million being devoted to grain inspection activities for standardization, compliance, and methods development. GIPSA needs to address the complex quality information needs emerging as a result of today's biotechnological advances, to meet market and consumer demands with respect to genetically engineered grains and grain products. New testing methods will permit transparency to grain inspection, adding value to grain products so producers can continue to compete in the global economy.

GIPSA expects to inspect 236 million metric tons of grain and 4 million metric tons of rice. The 2001 budget includes two program increases for grain inspection activities:

- ! Nearly \$2 million for developing new biotechnology testing methods, analytical tests, and greater quality assurance procedures in grain; and
- ! \$150,000 to address emerging sanitary and phyto-sanitary standards required by the World Trade Organization (WTO) and the North America Free Trade Agreement (NAFTA).

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The 2001 budget proposes \$19 million for Packers and Stockyards Programs, an increase of \$4 million, which includes the following program increases:

- ! \$1.2 million to develop sophisticated models which could be used to verify the existence of anti-competitive behavior;
- ! \$1.3 million to expand the Rapid Response Teams used to investigate time-sensitive financial, trade, and anti-competitive behavior issues;
- ! \$800,000 to examine the competitive structure of the poultry industry;
- ! \$400,000 to establish a swine contract library to implement the Livestock Mandatory Reporting Act; and
- ! \$450,000 to enhance civil rights activities and establish an information staff.

The Department continues to strongly support implementation of the recommendations made by the Secretary's Advisory Committee on Agricultural Concentration. Promoting competition and improving market performance are vital to increasing confidence in the livestock and poultry sectors. For example, continuous, systematic collection and analysis of data along with aggressive investigative activities would enable GIPSA to survey procurement practices, trade practices and competitive conditions and to analyze whether violations of the Packers and Stockyards Act (the Act) are occurring or likely. GIPSA has directed efforts towards investigating trade practices of packers, market agencies, and dealers to detect fraudulent transactions and to guard against unfair trade practices detrimental to producers and the industry. The recruitment of investigators with economic and legal expertise would allow GIPSA to move towards developing additional skills for investigations involving complex, anti-competitive practices. The proposed additional resources are needed to expand the agency's capability to monitor and investigate the competitive implications of structural changes and behavioral practices in the meat packing and poultry industries.

The 2001 budget also repropose legislation, which would authorize the collection of \$4 million in additional user fees to cover costs of developing, reviewing, and maintaining official U.S. grain standards used by the entire grain industry, and \$19 million in license fees to administer the Act. License fees would be applied to those subject to the Act (i.e., packers, livestock and poultry dealers, and meat buyers) to protect them from unfair and fraudulent marketing practices. The budget also proposes \$4 million to capitalize a reserve fund and to finance start-up costs.

RESEARCH, EDUCATION, AND ECONOMICS

MISSION

The Research, Education, and Economics (REE) mission area is assigned Federal leadership responsibility for the discovery, application, and dissemination of information and technologies spanning the biological, physical, and social sciences through agricultural research, education, and extension activities and economic and statistical analysis. REE responsibilities are carried out by four agencies:

- ! The Agricultural Research Service (ARS) is the principal in-house research agency in USDA in the area of natural and biological sciences.
- ! The Cooperative State Research, Education, and Extension Service (CSREES) is the Federal partner with land-grant and non-land grant colleges and universities in carrying out extramural research, higher education, and extension activities.
- ! The Economic Research Service (ERS) is the principal intramural social science research agency in USDA.
- ! The National Agricultural Statistics Service (NASS) provides the official current statistics on agricultural production and indicators of the economic and environmental welfare of the farm sector. In FY 1997, NASS assumed responsibility for conducting the Census of Agriculture, previously conducted by the Bureau of the Census of the Department of

Program Level (Dollars in Millions)

Program	1999 Actual	2000 Current Estimate	2001 Budget
Agricultural Research Service.....	\$870	\$906	\$956
Cooperative State Research, Education, and Extension Service.....	928	1,074	1,096
Economic Research Service.....	63	65	55
National Agricultural Statistics Service.....	104	99	101
Total, REE.....	\$1,965	\$2,144	\$2,208

Commerce.

RESEARCH, EDUCATION, AND ECONOMICS

Program Level (Dollars in Millions)			
Program	1999 Actual	2000 Current Estimate	2001 Budget
Research and Information:			
Soil, Water and Air Sciences.....	\$85	\$89	\$110
Plant Science.....	282	297	301
Animal Science.....	127	133	141
Commodity Conversion and Delivery.....	162	172	184
Human Nutrition.....	68	71	89
Integration of Agricultural Systems.....	30	31	30
Information and Library Sciences.....	19	19	21
Repair and Maintenance.....	18	18	18
Contingency Research Fund.....	1	0	0
Total, Ongoing Research and Information.....	792	830	894
Trust Funds.....	22	23	23
Buildings and Facilities.....	56	53	39
Total, ARS.....	\$870	\$906	\$956

The budget assumes that \$120 million will be available for the Initiative for Future Agriculture and Food Systems, the same as the FY 2000 level. In addition, \$60 million, the same amount as in FY 2000, will be available for rural development and research, education, and extension projects supported by the Fund for Rural America.

AGRICULTURAL RESEARCH SERVICE (ARS)

ARS provides access to scientific data, conducts research to develop new scientific knowledge, and transfers technology to the private sector to solve technical agricultural problems of broad scope and high National priority. ARS houses the National Agricultural Library (NAL), the Nation's major information resource in the food, agricultural and natural resource sciences. ARS has 105 locations throughout the U.S. and abroad. Beltsville, Maryland is the site of the world's largest multi-disciplinary agricultural research facility. The ARS budget is comprised of seven programmatic objectives as follows:

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- ! **Soil, Water, and Air Sciences.** Development of a sound scientific basis to provide advanced technical assistance and education to producers to manage and conserve soil, water, and air resources is the main emphasis of this research area.
- ! **Plant Science.** Ongoing ARS research addresses a wide range of crop production issues, including pest and disease resistance, plant genome mapping, and the maintenance and improvement of plant germplasm.
- ! **Animal Science.** Research in this program is directed toward solving major issues faced by producers and consumers of meat and poultry products. Areas of emphasis include disease prevention, genetics and genome mapping, animal reproduction, food quality, and safety.
- ! **Commodity Conversion and Delivery.** This research focuses on post-harvest food safety and quality concerns, development of new food and industrial uses for agricultural commodities, and elimination of barriers to the export of commodities.
- ! **Human Nutrition.** ARS supports six research centers striving to enhance the understanding of nutritional needs of diverse populations, including children, the elderly, pregnant and lactating women, and healthy adults. Results of this work identify the impact of nutrients in reducing chronic disease risks and predicting health outcomes. ARS research activities in this area are closely coordinated with other nutrition-related programs in USDA and medical research programs in the Department of Health and Human Services (DHHS).
- ! **Integration of Agricultural Systems.** Research in this category includes projects to integrate the results of specific programs into production systems which are sustainable, environmentally-benign, and profitable for farmers and ranchers. Projects include the development of models and decision support systems to assist producers in making production decisions and managing natural resources.
- ! **Information and Library Services.** NAL provides access to scientific agricultural data through its online database and CD-Roms. NAL is striving to provide agricultural information electronically and has initiated efforts to catalog, manage, and disseminate agriculture- related data through the Internet.

The ARS budget includes \$894 million to support ongoing research and to increase efforts in high priority areas proposed in the budget. This amount provides a \$64 million net increase, or a 7.7 percent increase above the 2000 enacted level. Within that total, the agency will fund increases totaling \$97.8 million in support of major Presidential Initiatives and other high priority research, including emerging and exotic diseases, invasive species, and pest control; plant and animal genetics research; food safety; technologies for production and conversion of crops into biobased products and bioenergy; and research initiatives on soil, water and air quality. Additional funding, totaling \$2 million, is also provided to NAL to improve the delivery of scientific information in print and electronic form. Some of the proposed increases will be funded through savings resulting from the termination of lower priority research projects,

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totaling \$42 million. The ARS budget also proposes \$39.3 million to fund high priority modernization or construction projects at six locations.

Exotic Diseases and Pest Control Activities. Additional funds, totaling \$23.2 million, are provided to address major threats to U.S. agriculture resulting from exotic diseases, pests, and invasive species afflicting agricultural crops and livestock as follows:

- ! **Emerging and Exotic Diseases and Pests (\$14.4 million).** The increase will be used to control emerging and exotic weeds and plant pests; identify, prevent and control emerging infectious and zoonotic diseases in livestock and aquaculture; develop diagnostic tests and vaccines for brucellosis in wildlife; and expand the use of Integrated Pest Management (IPM) strategies to control pests of livestock. Of the total, \$10 million will be used to expand diagnostic capabilities to prevent acts of chemical and biological terrorism against U.S. agricultural and food security systems.
- ! **Invasive Species (\$4.3 million).** In the United States, about 100 million acres are infested with weeds and other invasive pests, costing over \$122 billion annually. On February 3, 1999, the President signed an Executive Order aiming to prevent the introduction of invasive species, provide for their control, and to minimize the economic, ecological, and human health impacts that they cause. The increase will be used to develop integrated weed management systems to control purple loosestrife, deliver pathogens for biological control of leafy spurge, Brazilian pepper, and Florida blackberry, and develop new biological information needed for rapid identification of invasive species.
- ! **Pest Control (\$4.5 million).** Additional funding is provided to develop alternative pest controls to replace the chemicals that may no longer be available to producers under the stricter registration requirements imposed by the Food Quality Protection Act (FQPA). Specific activities will consist of expanding areawide IPM research and demonstration programs; developing IPM component technology for fruits, vegetables, and minor-use crops treated with organophosphates and carbamates; and expanding the ARS methyl bromide research program to include alternatives for use on floriculture crops.

Genetics Research. Additional investments in genetic research can improve agricultural productivity by generating economically desirable crops and animals that are resistant to diseases. Of the total, about \$6.6 million is provided for genetic resource acquisition, maintenance, characterization, evaluation, and enhancement of plant and animal genes. The remaining \$5.4 million will be used to improve the economically desirable traits of livestock, poultry, and aquaculture species via the development of technologies to more effectively generate, store, and analyze gene sequencing, and novel methods targeting disease prevention and control.

Biobased Products. Consistent with an Executive Order signed by the President on August 12, 1999, the 2001 budget proposes research in support of a goal of tripling the U.S. use of biobased products and bioenergy by the year 2010. Research in this area will accelerate the development of technologies needed to convert crops, trees, and other biomass into fuels and other biobased materials. Additional investments in research can potentially increase farm income and improve the economic well-being of U.S. producers in rural areas. The research will also benefit the

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environment by providing a cleaner energy source as a substitute for nonrenewable fossil resources. An increase of \$14 million is provided for research to convert feedstocks, agricultural byproducts, and other materials into energy sources and commercial products. The increase will be used to speed the development, commercialization, and adoption of biobased products and bioenergy sources.

Human Nutrition. An increase of \$17.3 million is provided for human nutrition research. Emphasis will be placed on updating the National nutrient databank; developing food composition data used to determine the levels and types of nutrients in certain foods; examining the impacts of nutrients on cognitive brain function; investigating the relationship between genetics and obesity; determining the impact of phytonutrients in fruits and vegetables on human biological function; and understanding the impacts of dietary components and physical activity on the rate of weight loss in individuals from different ethnic backgrounds.

Food Safety. An increase of \$5.7 million will be used to expand food safety research in support of the President's Food Safety Initiative. Additional funds will be used to design effective programs to control bacteria and pathogens carried by animals and transmitted to humans, to control plant toxins and metals, and to control the *Salmonella Enteritidis* infection found on and in shell eggs. Funds will also be used for research on antibiotic resistant bacteria in poultry, swine and cattle; to develop effective methods to control pathogens in fruits and vegetables; to develop intervention strategies used in HACCP plans to reduce the risk of pathogen infestation in meat and poultry; and to enhance methods to detect pathogens and chemical or drug residue during product processing and storage.

Initiatives Targeting Environmental Protection, Climate Change, and Air Quality. A total increase of \$23.7 million is provided to promote environmentally sound production practices, enhance the understanding of the adverse impacts of global climate change on food production, and develop methods to improve air quality. The increase includes \$6.8 million to reduce nonpoint source pollutants that contribute to environmental degradation, such as harmful algal blooms and hypoxia, improve livestock manure management systems, and restore riparian zones and coastal habitats. The increase also includes \$14.9 million for global climate change research. Of the amount, \$7.9 million is provided to develop new information on how soil carbon is lost in the atmosphere, determine ways to mitigate climate change impacts on food availability, predict the impacts of climate change on Alaskan Agro-Ecosystems, and conduct National assessments as part of the overall U.S. Global Change Research Program effort. The remaining \$7 million is provided to develop new technology to reduce agriculture's vulnerability to the changing environment, and develop new tools to expand the use of biomass for energy sources. The increase also contains \$2 million to reduce emissions and odors resulting from agricultural production, and protect crops from the effects of tropospheric ozone.

Buildings and Facilities. Innovative research depends upon the availability of modern facilities. Many of the major ARS facilities were constructed prior to 1960, are functionally obsolete and need major modernization to bring them up to current health and safety code requirements. A total of \$39.3 million is proposed in 2001 at six locations as follows:

- ! **Ames, Iowa (\$9 million).** Additional funding totaling \$8 million is provided to complete the planning and design phase for a new Biosafety Level-3 animal isolation facility and a

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Biosafety Level-2 animal isolation facility at the National Animal Disease Center. An additional \$1 million will provide design and construction funds for utility distribution system improvements to support these new facilities.

- ! **Plum Island, New York (\$7 million).** A \$7 million increase is provided for continued modernization projects at the Plum Island Animal Disease Center for the replacement of the boiler and sewage decontamination plants.
- ! **Beltsville, Maryland (\$13.3 million).** Funding is provided for the construction of two new buildings and for the modernization of an existing building to support the research carried out at the Beltsville Human Nutrition Research Facilities.
- ! **Albany, California (\$4.9 million).** Funding is provided for continued modernization efforts at the Western Regional Research Center, including the upgrade of deteriorating mechanical, plumbing, and electrical systems, and the renovation of the Research and Development Facility's interior space.
- ! **U.S. National Arboretum (\$3.3 million).** The increase will be used to upgrade the electrical and fire protection systems at the Arboretum's Administrative Building, and to replace the main irrigation distribution system.
- ! **National Agricultural Library (\$1.8 million).** Additional funding is provided to continue the correction of mechanical, electrical, and architectural deficiencies, and to begin the design and construction of the replacement of utility systems within the library.

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COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE (CSREES)

Program Level (Dollars in Millions)

Program	1999 Actual	2000 Current Estimate	2001 Budget
Research and Education.....	\$471	\$481	\$461
Extension Activities.....	418	424	428
Integrated Activities.....	30	40	76
Native American Endowment Fund and Interest.....	6	6	8
Subtotal, Programs.....	925	951	973
Community Food Projects.....	3	3	3
Fund for Rural America.....	0	a/	b/
Initiative for Future Agriculture and Food Systems.....	0	120	120
Total, CSREES.....	\$928	\$1,074	\$1,096

a/ Of the total \$60 million available in 2000, \$20 million was allocated to CSREES to support research, education and extension activities under the Fund for Rural America. See page 113 for more information.

b/ A total of \$60 million is available from the Fund for Rural America, to support research, extension, and education grants and Rural Development activities, of which at least \$20 million will support research, education, and extension grants. The distribution among the authorized activities has not been developed.

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Cooperative State Research, Education, and Extension Service Program Level (Dollars in Millions)

Program	1999 Actual	2000 Current Estimate	2001 Budget
Formula Grants:			
Smith-Lever 3 (b&c) Formula.....	\$277	\$277	\$277
Hatch Act.....	181	181	181
1890 Research and Extension.....	56	58	58
Cooperative Forestry.....	22	22	22
Animal Health.....	5	5	5
Total, Formula Grants.....	541	543	543
National Research Initiative (NRI).....	119	119	150
Selected Integrated Activities:			
Small Farms Initiative.....	0	0	4
Water Quality.....	13	13	16
Food Safety.....	12	15	15
Invasive Species.....	0	0	1
Biobased Products.....	0	0	10
Pest Control/Management Activities:			
Pesticide Impact Assessment.....	5	5	5
Crops at Risk from FQPA Implementation.....	0	1	3
FQPA Risk Mitigation Program for Major Food Crop Systems.....	0	4	10
Methyl Bromide Transitions Program.....	0	2	5
Organic Transition Program.....	0	0	1
Pest Management and Control.....	25	25	30
Pesticide Applicator Training.....	0	0	1
Regional Crop and Information Policy Centers.....	0	0	1
Total, Pest Control/Management.....	30	37	56
Sustainable Agriculture Research and Extension.....	11	11	15
Higher Education Programs.....	27	27	37
Indian Reservation Extension Agents.....	2	2	5
1890 Facilities.....	8	12	12
Extension Services at 1994 Institutions.....	2	3	4
1994 Institutions Research Program.....	0	1	1

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Cooperative State Research, Education, and Extension Service Program Level (Dollars in Millions)

Program	1999 Actual	2000 Current Estimate	2001 Budget
Low Income Nutrition Education (EFNEP).....	59	59	61
Community Food Projects.....	3	3	3
Anti-Hunger and Food Security Grants.....	0	0	5
Youth Farm Safety Education and Certification.....	0	0	5
Fund for Rural America.....	0	a/	b/
Initiative for Future Agriculture and Food Systems.....	0	120	120
Other Research Grants.....	60	64	9
Other Extension Programs.....	19	19	14
Federal Administration.....	22	26	10
Total, CSREES.....	\$928	\$1,074	\$1,096
Recap:			
CSREES Appropriations.....	\$925	\$951	\$973
Community Food Projects.....	3	3	3
Initiative for Future Agriculture and Food Systems.....	0	120	120
Fund for Rural America.....	0	a/	b/

a/ Of the total \$60 million available in 2000, \$20 million was allocated to CSREES to support research, education and extension activities under the Fund for Rural America. See page 113 for more information.

b/ A total of \$60 million is available from the Fund for Rural America, to support research, extension, and education grants and Rural Development activities, of which at least \$20 million will support research, education, and extension grants. The distribution among the authorized activities has not been developed.

CSREES has primary responsibility for providing linkages between the Federal and State components of a broad-based, National agricultural research, extension, and higher education system. CSREES provides funding for projects conducted in partnership with the State Agricultural Experiment Stations, State Cooperative Extension Systems, land-grant universities, colleges and other research and education institutions. Federal funds are distributed to universities and institutions by statutory formula funding and competitive awards. CSREES is responsible for administering USDA's primary competitive research grants program, the National Research Initiative (NRI), which supports highly meritorious research with strong potential to contribute to major breakthroughs in agricultural production.

The CSREES budget proposal which totals \$1.1 billion, provides increased funding for a number of ongoing Presidential Initiatives, and key provisions of the Agricultural, Research, Extension, and Education Reform Act of 1998 (the Reform Act). Beginning in 2000, CSREES was charged

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with administering competitive grants for research, education, and extension activities under the Initiative for Future Agriculture and Food Systems authorized by the Reform Act. The Initiative provides \$120 million per year in mandatory funds for competitive grants to address critical issues related to agricultural productivity and food safety. CSREES is also responsible for administering competitive research grants under the Fund for Rural America. In 2000, \$20 million is being used to support five Center grants and the remaining \$40 million will support rural development activities.

Formula Funds. The level of support provided for research and extension formula programs is continued at the 2000 appropriated level. CSREES works closely with partner institutions through an annual planning process and other means to target funds to priority issues facing agricultural producers, natural resource managers, and rural residents.

National Research Initiative (NRI). The 2001 budget funds the NRI at \$150 million, an increase of \$31 million, or 26 percent above the 2000 appropriation. The NRI supports both fundamental and mission-linked research through a competitive, peer-reviewed process that is open to all of the Nation's top scientists. The proposed increase will address key issues in agriculture and related sciences through additional research investments in genetics, biobased products and value-added agricultural commodities, food safety, human nutrition research, and pest and disease management.

Selected Integrated Research, Education, and Extension Activities. The activities under the Integrated Activities account are conducted under a new integrated authority, Section 406 of the Reform Act, as well as under other existing authorities. Under Section 406, competitive grants are awarded to support multi-functional and integrated agricultural research, extension, and education activities targeting high priority programs, including water quality and food safety. An increase of \$4 million is provided for the Small Farms Initiative to help small farm producers gain better access to key information needed to establish viable farming operations. The budget also includes \$9.6 million for the Biobased Products Program to generate data and develop tools for producers to grow and harvest alternative crops, as well as for manufacturers to convert raw materials to useful products such as lubricants, hydraulic fluids, and paints, for use by industry and consumers. The budget also includes \$1.5 million for the Invasive Species Program to facilitate collaborative research, education, and technology transfer activities with stakeholders to control invasive plant, animal, and insect diseases on an ecoregional basis. Other integrated activities related to pest management, higher education, and hunger are described in those sections which follow.

Pest Control/Pest Management Programs. The budget provides \$56 million for FQPA-related pest control activities, a total increase of \$19 million above the 2000 enacted level. Emphasis is placed on developing alternatives to replace chemical pest controls that are at-risk of being taken off the market due to the stricter pesticide registration requirements imposed by FQPA. Of the total increase, \$6 million is provided under the Risk Avoidance and Mitigation Program to establish longer-term pest control alternatives, \$2 million is provided under the Crops-at-Risk to develop intermediate-term alternatives in place of pesticides used on fruit and vegetable crops, and \$2.6 million is provided under the Pest Management Alternatives Program to develop immediate and practical pest control alternatives. The increase also includes \$3 million to develop alternatives for crops previously treated with methyl bromide, \$1 million to increase the

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marketing of organically grown crops, \$1.7 million to support the additional registration of pesticides and biological controls for minor-use crops, \$1.5 million for ongoing IPM activities to assist producers in developing and implementing pest control strategies at the regional and State levels, and \$1.5 million to train producers on the safe use of pesticides. An additional \$1.5 million is also provided for Regional Crop Information and Policy Centers to rapidly respond to producer and consumer information requests related to the safety and effectiveness of biotechnology products and the availability of alternative pest control options.

Sustainable Agriculture Research and Education (SARE). The budget provides \$15 million for SARE, an increase of \$3.7 million above the 2000 enacted level. Of the total, an increase of \$2.5 million is provided for competitive grants awarded on a regional basis to facilitate the development of organic agriculture production and processing methods, evaluate the potential economic benefits of organic practices to producers and processors, and explore market opportunities for organic products. The remaining \$1.2 million will support the development of knowledge and expertise in organic farming and marketing among Extension and other agricultural professionals through SARE's Professional Development Program.

Higher Education Programs. The budget funds higher education programs at \$37 million, an increase of about \$10 million above the 2000 enacted level. Of the total increase, \$1.6 million is provided for Institution Challenge Grants to enhance the curricula and faculty development used in educating baccalaureate students; \$2 million is provided for Graduate Fellowship Grants to train additional graduate students in food and agricultural sciences; \$1 million is provided for the Multicultural Scholars Program to enhance the mentoring of scholars from under-represented groups; \$0.6 million is provided for Hispanic Serving Institutions to expand educational opportunities for the Hispanic population; and the remaining funds are provided for the 1890 Capacity Building Grants. An additional \$2.5 million is also added to the principal balance of the Native American Institutions Endowment Fund to improve the education capacity at Tribal colleges. The types of activities allowed to be supported with the interest derived from the endowment funds, have been expanded to include facility renovation and construction projects. The increase also includes \$1 million in new funding for the International Science and Education Grants to develop partnerships and exchanges in research, teaching and outreach activities between land-grant universities and international institutions.

Nutrition Education and Anti-Hunger and Food Security Grants. The budget provides over \$5 million in new funding to support a variety of community-based activities that bolster local food systems to fight hunger. Specific activities will include assisting small and medium-sized farmers to sell food directly to local school districts and other larger institutions, enabling low-income residents to produce their own food, and increasing food recovery and gleaning activities to recover excess and wholesome food available for distribution. Such efforts will enhance the ongoing nutrition education activities and outreach to localities provided under Community Food Projects.

Youth Farm Safety Education and Certification. The budget provides \$5 million to establish a new program to improve the safety of youth under the age of 18 working on farms. Extension grants will be awarded on a competitive basis to support the development of course materials, training, class costs, and course evaluation activities. Grant funds will also be directed for the

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safety certification needs of youth who have left school, migrant youth, and other young adults who may have limited access to school-based programs.

ECONOMIC RESEARCH SERVICE (ERS)

ERS provides economic analysis on efficiency, efficacy, and equity issues related to agriculture,

Program Level (Dollars in Millions)			
Program	1999 Actual	2000 Current Estimate	2001 Budget
Economic Analysis and Research.....	\$63	\$65	\$55

food, natural resources, and rural development to improve public and private decision making. Activities to support this mission include research and development of economic and statistical indicators on a broad range of topics.

The ERS budget reflects a net decrease of \$10 million, which reflects a decrease of \$12.2 million with the transfer of the food program studies to the Food and Nutrition Service, the agency that has the administrative and program responsibility for these programs. The ERS budget also reflects an increase of \$2.2 million for high priority areas.

- ! Structural Change, Coordination, and Concentration in Food and Agriculture (\$1 million).** This increase will provide for the examination of structural changes in the agricultural and food sectors. ERS would initiate three activities: (1) determine where concentration is occurring in the agricultural marketing chain, who is affected, and how, (2) develop and explore opportunities for farmers within this kind of market environment, and (3) examine ways in which the USDA and other parts of the government can aid farmers in adjusting to structural changes.
- ! Global Climate Change (\$0.7 million).** This increase will support ERS's portion of an interagency initiative aimed at reducing greenhouse gases and mitigating other environmental problems while improving the economic performance of agricultural resources. ERS will assess three components: (1) economic potential for domestic carbon sequestration in agricultural soils and trace gas control, (2) economic incentives for carbon sequestration and the potential for targeting existing conservation programs, and (3) an assessment of the global potential for agricultural trace gas mitigation and sequestration.
- ! Global Research, Statistics, and Outreach (\$0.5 million).** This increase will be used to support ERS's portion of an interagency initiative to achieve food security in the United States and globally. Funding is provided for research and collaboration with appropriate institutions in developing countries on key issues critical to both the U.S. and foreign governments. Emphasis will be placed on developing better science, more efficient technology transfer mechanisms, better information for market and policy decisions, and creating a safer and more secure world food supply.

NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS)

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NASS statistics provide the basic information necessary to keep agricultural markets stable and efficient and help maintain a “level playing field” for all users of agricultural statistics. The mission of NASS is to meet the basic agricultural and rural data needs of the people of the United States, those working in agriculture, and those living in rural communities by providing important, objective, usable, and accurate statistical information and services for informed

Program Level (Dollars in Millions)

Program	1999 Actual	2000 Current Estimate	2001 Budget
Agricultural Estimates.....	\$77	\$79	\$82
Statistical Research and Service.....	4	4	4
Census of Agriculture.....	23	16	15
Total, NASS.....	\$104	\$99	\$101

decision making.

Overall, the budget reflects a net increase of \$1.3 million which is comprised of a \$1.9 million reduction due to the completion of the decennial Agricultural Economics and Land Ownership Survey, and by \$3.2 million in increases for the following activities:

- ! **Development of NASS Computer Security Architecture (\$1.4 million).** The increase will be used to address NASS specific Information Technology (IT) security issues consistent with the overall USDA-wide cybersecurity effort. With the market sensitivity of many NASS reports and the confidential nature of data collected from farmers, ranchers, and agribusiness, there is a dire need for protection against loss, misuse, unauthorized access to, or modification of information. The increase will provide for necessary hardware and software protection of agency systems and information with improved technical monitoring and more efficient administration.
- ! **Hog and Pigs Inventory Report (\$0.6 million).** Additional funding will be used to address concerns of the pork industry and meet the requirements of recent legislation. NASS will furnish State-level information on the largest hog producing States, and totals for all other States, with a focus on total breeding herd inventory, sows farrowed, pigs born, and sows bred the previous month. Doing so will facilitate the orderly marketing of hogs by providing more timely information on market supplies of pigs than present quarterly surveys.
- ! **Pesticide Use Surveys for Expansion of the Environmental Statistics Program (\$0.8 million).** This increase will allow NASS to meet its performance goal of enhancing the monitoring of pesticide use in agriculture. The collection of such data will assist decision-makers in setting safer pesticide use standards by expanding surveys in 2001 to cover a wider array of field crops including barley, dry beans, canola, flaxseed, hay, hops, lentils, mint, oats, rye, dry peas, sorghum, and sweet potatoes.
- ! **Census of Agriculture (\$0.4 million).** This funding increase reflects the changes in statistical activities associated with preparations for the 2002 Census of Agriculture.

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Preparations include, among other things, conducting initial survey tests and focus groups to evaluate the reliability of survey methods and to determine the final content to include in the 2002 census.

DEPARTMENTAL ACTIVITIES

DEPARTMENTAL OFFICES AND CENTRALIZED ACTIVITIES

Program Level (Dollars in Millions)			
Program	1999 Actual	2000 Current Estimate	2001 Budget
Departmental Offices:			
Office of the Secretary.....	\$11	\$11	\$12
Departmental Administration Staff Offices.....	32	35	41
Outreach for Socially Disadvantaged Farmers a/....	3	3	10
Office of the Chief Financial Officer.....	4	5	6
Office of the Chief Information Officer.....	6	6	15
Office of the General Counsel.....	29	29	33
Office of Communications.....	8	8	9
Executive Operations:			
Office of the Chief Economist.....	6	6	9
National Appeals Division.....	12	12	13
Office of Budget and Program Analysis.....	6	7	7
Total, Departmental Offices.....	117	122	155
Centrally Financed Activities:			
Common Computing Environment.....	0	13	75
Agriculture Buildings and Facilities and Rental Payments.....	137	140	183
Supplemental for Migrant Farm Workers	20	0	0
Hazardous Materials Management.....	16	16	30
Supplemental for Y2K Conversion.....	53	4	0
Trust Funds.....	1	1	1
Total, Centralized Activities.....	227	174	289
Total, Departmental Offices and Centralized Activities.....	\$344	\$296	\$444

a/ An additional \$5.2 million was provided to this program in fiscal year 2000 from the Fund for Rural America.

DEPARTMENTAL ACTIVITIES

The Departmental offices provide leadership, coordination and support for all administrative and policy functions of the Department. A key objective of this Administration is to re-engineer the Department in such a way that it is leaner and more efficient while improving the level of services provided to the public. This streamlining effort began with the reorganization in 1993. In terms of structure, there are 31 agencies and staff offices compared to 45 in 1993. State offices have been consolidated in 25 States. Over 1,000 local offices in the county-based agencies have been closed or co-located to create one-stop Service Centers, and over 250 offices and facilities have been closed in other agencies.

To meet the challenge of providing service with fewer people, the Department is upgrading some of its administrative systems and is seeking budget increases to replace others. In the area of information technology, the Department's mission critical systems were Y2K ready. A new telecommunications system is nearly in place and workstations are being deployed in the Service Centers. In the financial area, the new Foundation Financial Information System at the National Finance Center in New Orleans is being implemented to provide standardized accounting services to all agencies and provide for improved management.

In the area of civil rights, the Department continues to make progress in resolving complaints and strengthening efforts to prevent complaints. The Department is reaching out to small farmers and other traditionally underserved populations. Employees are required to receive civil rights training and are being held accountable for their actions. Alternative dispute resolution and conflict management are being utilized to resolve problems early.

DEPARTMENTAL ACTIVITIES

The budget reflects a number of increases to strengthen this Departmentwide management oversight and leadership to support USDA programs. Following are some highlights of the budget proposals for the departmental offices and activities.

The Office of the Secretary, assisted by the Deputy Secretary, Under Secretaries and Assistant Secretaries, and members of their immediate staffs, directs and coordinates the work of the Department. The 2001 budget request proposes an additional \$0.8 million to support the Department's Biobased Products and Bioenergy Coordination Council. Funds will be used to develop standards for and a list of biobased products as part of departmental and governmentwide initiatives to further the use of environmentally preferable products. A \$0.1 million increase is requested to strengthen activities related to the President's Food Safety Initiative and the President's Council on Food Safety.

The **Departmental Administration (DA) Staff Offices** provide staff support to policy officials and overall direction and coordination for the management of human resources, civil rights, conflict resolution and prevention, ethics, outreach, property, procurement, emergency preparedness, and the regulatory hearing and administrative proceedings conducted by the Administrative Law Judges, Judicial Officer, and Board of Contract Appeals.

The request includes additional resources for DA staff offices of \$6.2 million. The funds will support the following activities:

- ! Increasing the Department's capability to more efficiently and effectively resolve workplace conflicts, including equal employment opportunity complaints, through an expanded Alternative Dispute Resolution (ADR) program that will be jointly administered by the Office of Civil Rights and the Conflict Prevention and Resolution Center.
- ! A Small Business Education and Development Pilot Program that will help the Office of Small and Disadvantaged Business Utilization: (1) demonstrate strategies for the growth and stability of small businesses in rural America; (2) identify new markets for agricultural products of small, limited-resource farmers; and (3) deliver educational and technical resources to sustain economic growth and development.
- ! Improving the Office of Procurement, Property, and Emergency Preparedness' capability to: (1) address the increasing threats of terrorism and intrusion to USDA's employees and systems and (2) promote department and governmentwide use of biobased commercial products in order to reduce exposure to environmentally hazardous materials, improve commodity crop price stability, and stimulate new investment in rural communities.
- ! Enhancing human resource management systems to resolve longstanding inefficiencies and improve the Office of Human Resources Management's service to USDA customers.

The Outreach for Socially Disadvantaged Farmers Program authorized by Section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990, provides grants to organizations in order to increase socially disadvantaged farmers' and ranchers' participation in USDA programs and to enhance the success of their operations by providing outreach and technical assistance. This program is administered by the Office of Outreach within DA. A funding increase of \$7

DEPARTMENTAL ACTIVITIES

million above the amount appropriated for 2000 is requested in 2001 to provide intensive training and management assistance to small farmers and ranchers in order to help these producers operate independently and maintain financial solvency. In 2000, this program was provided with an additional \$5.2 million from the Fund for Rural America for a total of \$8.2 million.

The **Office of the Chief Financial Officer (OCFO)** provides overall direction and leadership in the development of modern financial systems in the Department. The proposed increase of \$1.5 million will help restore the Department's financial credibility and accountability by promoting sound business practices, making valid and reliable data and financial expertise available to support decision-making processes, and implementing legislative mandates such as the Government Performance and Results Act, debt collection and cost accounting.

The **Office of the Chief Information Officer (OCIO)** provides policy guidance, leadership, and coordination to USDA's information management and technology investment activities. To meet the business demands of the Department's information technology (IT) systems, this request includes an increase of \$6.6 million to implement a comprehensive USDA Cyber Security Program that will ensure IT systems are protected from unlawful and malicious intrusions. This level of funding will allow the OCIO to: (1) expand the Cyber Security Program Office, (2) establish a department-level risk management program, (3) develop a USDA information and telecommunications security architecture, (4) conduct an information security awareness program and develop a Departmentwide cyber security training initiative, and (5) develop a software import and licensing program for USDA that will build on current interim policy related to combating computer software piracy. Another \$2 million will support electronic commerce and information management and collection initiatives. Such initiatives are designed to meet the requirements of the Government Paperwork Elimination Act, reduce information collection burdens on the public, and modernize the information management functions of the Department.

Additionally, the 2001 budget for the Service Center Initiative (SCI) includes \$75 million for the **Common Computing Environment (CCE)** that will be managed by the OCIO. The SCI is set up to provide "one-stop" service for customers of USDA Service Center agencies across the country. This funding will expedite efforts toward putting in place a CCE intended to provide a consistent, common, and open IT approach. Through it, Service Center staff could connect to each other, a National network, and to the Internet in order to access and provide USDA information online. (See page 111.)

Legal oversight, counsel, and support for the Department's programs is provided by the **Office of the General Counsel (OGC)**. The request provides an additional \$3.7 million to strengthen OGC's ability to provide timely response to requests for legal assistance from the program agencies, especially in the areas of civil rights, natural resources, and general law. Funds are also included to provide IT improvements to further enhance the efficiency of the office.

The Department's **Office of Communications (OC)** plays a critical role in disseminating information about USDA's programs to the general public. The request includes increases of \$0.9 million to enable OC to utilize new technology to reach audiences in a more timely and effective manner, while leading a Departmentwide communications effort to reach underserved populations.

DEPARTMENTAL ACTIVITIES

The **Office of the Chief Economist (OCE)** advises the Secretary on policies and programs related to U.S. agriculture and rural areas, provides objective analysis on the impacts of policy options on the agricultural and rural economy, and participates in planning and developing programs to improve the Department's forecasts, projections, and policy analysis capabilities. An increase of \$1 million is requested to provide the analysis and evaluation needed to support the Department's and governmentwide efforts to use more biomass energy and biobased industrial feedstocks and products. OCE's budget request also includes an additional \$0.7 million to address increasing concern about the effects of agricultural operations on the environment and food safety by enhancing USDA's ability to assess these risks and reduce them. This funding increase will also enable development of a methodology to assess the risks of new agricultural biotechnology products that are rapidly being developed and used. The 2001 budget request also includes an increase of \$0.4 million to continue the modernization of USDA's weather and economic data systems, including the installation of an additional automated weather station and making all economic and weather data readily available on the Internet.

The **National Appeals Division** is responsible for all administrative appeals of adverse decisions issued by certain USDA agencies and conducts fair and impartial administrative hearings. The 2001 request includes an increase of \$0.9 million to continue to meet its performance goals of issuing timely, well-reasoned determinations of appeals to agency decisions. Much of this increase is devoted to training that will enhance the required knowledge and skills among NAD employees regarding adjudication procedures and USDA regulations and policies.

The **Office of Budget and Program Analysis** request includes an increase of \$0.2 million to maintain current staffing levels and support its strategic goal of providing analyses and information to the Secretary and other senior level policy officials to support informed decision-making regarding the Department's programs and policies, budget, legislative, and regulatory actions.

In 2001, the Department is requesting \$183 million for its facilities programs covered under the **Agriculture Buildings and Facilities** Appropriation. The request includes \$125.5 million for rental payments to the General Services Administration; \$31.2 million for the operation and maintenance of the headquarters complex including the new Beltsville facility, and \$26 million for the continued renovation of the South Building. The South Building is nearly 70 years old and is in dire need of repair to address electrical malfunctions, poor air quality, lead paint, and numerous code violations. Renovation is essential to avoid further deterioration of the building and its major systems, eliminate serious fire and health hazards, and provide modern, efficient mechanical and electrical systems. The South Building renovation project is a critical part of the ongoing USDA Washington Area Strategic Space Plan. The Beltsville facility is occupied and recently was dedicated as the George Washington Carver Center. The first phase of the South Building renovation is nearing completion and re-occupancy will begin in May 2000.

The **Hazardous Materials Management Program** provides for Departmental compliance with the requirements of the Comprehensive Environmental Response, Compensation, and Liability Act (also known as Superfund), the Resource Conservation and Recovery Act, and the Pollution Prevention Act. An increase of \$14.4 million is requested to accelerate investigative and cleanup activities to protect human health and the environment. The increase will help fund unfunded

DEPARTMENTAL ACTIVITIES

work from prior years, thereby furthering progress toward meeting the Departmental goal of cleaning up all contaminated sites within its jurisdiction, custody, and control by 2045, while reducing the likelihood of costly enforcement actions and lawsuits against the Department. It also supports the performance goals of reaching agreements with 10 or more outside parties responsible for contamination of sites under USDA jurisdiction. The value of these cleanup efforts is estimated to reach or exceed \$35 million in 2001.

DEPARTMENTAL ACTIVITIES

COMMON COMPUTING ENVIRONMENT (CCE)

Program Level (Dollars in Millions)			
Program	1999 Actual	2000 Current Estimate	2001 Budget
Common Computing Environment.....	0	\$13	\$75

In recent years, the Department has co-located field offices of the Farm Service Agency (FSA), Natural Resources Conservation Service (NRCS) and Rural Development (RD) and embarked on a Service Center Initiative to provide enhanced customer service to farmers and rural residents. A key element in the success of this effort is the replacement of aging business and technology systems of these partner agencies with a Common Computing Environment (CCE) that will allow sharing of data and implementation of streamlined business processes. Common information shared among these three agencies will reduce the redundant requests made of customers participating in multiple programs, as well as customer office visits and paperwork burden and allow these agencies to operate efficiently at the lower staffing levels that have resulted from budget constraints. The new technology will also allow these agencies to use modern business approaches such as the Internet to provide better access to programs for customers. However, until the CCE is fully operational, the service center agencies will have to continue to fund these outmoded existing systems to provide programs to customers.

Progress to date includes ongoing development of re-engineered business processes to streamline the administrative operations, program delivery functions and ease migration from legacy systems, installation of a modern telecommunications system and purchase and deployment of nearly 30,000 workstations that can be used interchangeably among the agencies. Pilot sites are operational for continued testing of re-engineered business processes, management initiatives and information technology hardware options in 2001.

Funds proposed for 2001 under this account would fund essential capital investments needed to achieve the goal of a fully operational common computing environment in 2002 as set forth in the Department's Service Center Modernization Plan. These investments are needed to integrate the workstations and to more fully achieve the benefits of shared systems and re-engineered business processes. Additional 2001 funds from the partner agencies will complement this funding by supporting continued business process re-engineering, data acquisition and training needed to reap the benefits of the new technology, as well as maintenance and support of existing legacy systems.

OFFICE OF THE INSPECTOR GENERAL

OFFICE OF THE INSPECTOR GENERAL (OIG)

Program Level (Dollars in Millions)			
Program	1999 Actual	2000 Current Estimate	2001 Budget
Office of the Inspector General.....	\$65	\$65	\$70

The **Office of the Inspector General (OIG)** conducts and supervises audits and investigations relating to programs and operations of the Department and, as such, is the principal provider of law enforcement operations within the Department; reviews and makes recommendations on existing and proposed legislation and regulations; and recommends policies and activities to promote economy and efficiency and to prevent and detect fraud and mismanagement in USDA operations. The request provides an increase of \$5.1 million to conduct additional audits aimed at ensuring the safety of agricultural products and protecting the integrity of USDA's information systems. This proposal will also support the acquisition of specialized law enforcement equipment to enhance the safety and security of OIG law enforcement activities, and increase criminal investigations in USDA public integrity vulnerabilities.

FUND FOR RURAL AMERICA

FUND FOR RURAL AMERICA

The 1996 Farm Bill established the Fund for Rural America to provide support to rural communities across the United States. The 1996 Farm Bill specifies that at least one-third of the funds be allocated to rural development activities and one-third to research activities.

The Agricultural Research, Extension, and Education Reform Act of 1998 (P.L. 105-185) extended authorization for the Fund for Rural America through October 1, 2002. The FY 1999 appropriations language blocked the use of the funds in FY 1999. The FY 2000 appropriations language blocks the use of the authorized \$60 million for FY 2000, but allows the expenditure of the second year's availability of the FY 1999 funds.

FUND FOR RURAL AMERICA

The following table shows how the funding available in 2000 was allocated:

Fund for Rural America (Dollars in Millions)		
	Budget Authority	Program Level
Rural Development Activities:		
Rural Utilities Service:		
Water and Waste Disposal Grants a/	\$28.0	\$28.0
Rural Housing Service:		
Farm Labor Housing Grants	2.5	2.5
Community Facility Grants	2.0	2.0
Total, Rural Housing Service	4.5	4.5
Rural Business-Cooperative Service:		
Guaranteed Business and Industry Loans	1.3	41.8
Rural Business Enterprise Grants	1.0	1.0
Total, Rural Business-Cooperative Service	2.3	42.8
Office of Outreach:		
Outreach for Socially Disadvantaged Farmers	5.2	5.2
Total, Rural Development Activities.....	40.0	80.5
Research, Extension and Education Grants:		
Center Grants.....	20.0	20.0
TOTAL, Fund for Rural America.....	\$60.0	\$100.5

a/ Rural Development has the flexibility to allocate funding among loans and grants.

Rural Development Activities. Of the funding available in 2000, \$40 million was allocated to support on-going rural development activities as follows:

- \$ 28 million for water and waste water disposal systems projects, which will provide financing for about 200 projects in low-income rural communities to establish, expand and modernize water treatment and water disposal facilities;
- \$ 2.5 million for farm labor housing projects at three or four high priority locations;
- \$ 2 million for community facilities grants that may include health, child care, and emergency equipment facilities;
- \$ 1.3 million for business and industry loan guarantees, which will support about \$42 million in loans, creating or saving approximately 1,600 jobs in rural America;
- \$ 1 million in rural business enterprise grants, which can help small, emerging businesses in rural area with technical aid and planning; and

FUND FOR RURAL AMERICA

\$ \$5.2 million for Outreach for Socially Disadvantaged Farmers (Section 2501) projects.

Research, Extension and Education Activities. The \$20 million in funds available for research, extension and education activities were allocated on a competitive basis to support centers of excellence as follows:

- \$ The Center for Minority Land and Community Security, led by Tuskegee University, will help increase land retention, acquisition, and land-based economic development among African Americans, Hispanic Americans and Native Americans;
- \$ The Northeast Center for Food Entrepreneurship, led by Cornell University, will assist entrepreneurs starting food manufacturing businesses and farmers trying to diversify;
- \$ The National Center for Manure and Animal Waste Management, led by North Carolina State University, will provide technical assistance and information about animal waste, while helping to lessen its environmental impact;
- \$ A Consortium for Site-Specific Resource Management, led by the University of Minnesota, will identify and expand the use of information systems that will help farmers more effectively manage natural resources; and
- \$ The National Resource Center for Rural People in Forest Communities, led by the Forest Trust of Santa Fe, New Mexico, will help forest-dependent communities participate in natural resources decision-making.

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE

Budget Authority
(Dollars in Millions)

AGENCY	1999 Actual	2000 Current Estimate	2001 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency	\$239	\$959	\$179
Commodity Credit Corporation Programs	20,775	29,214	19,103
Risk Management Agency	1,614	775	2,706
Foreign Agricultural Service	149	113	118
P.L. 480	1,205	524	537
RURAL DEVELOPMENT			
Rural Utilities Service	(96)	(2,748)	(1,796)
Rural Housing Service	253	(88)	122
Rural Business - Cooperative Service	28	25	53
Rural Community Advancement Program	844	699	763
Salaries & Expenses	120	120	130
Rural Empowerment Zones / Enterprise Communities	15	15	15
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service	34,727	35,051	36,292
Section 32 Funds	725	730	538
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service	900	882	876
Forest Service	3,491	3,486	3,853
FOOD SAFETY			
Food Safety and Inspection Service	621	653	158
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service	872	906	956
Cooperative State Research, Education, & Extension Service	923	1,071	1,093
Economic Research Service	63	64	55
National Agricultural Statistics Service	104	99	101
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service	518	544	634
Agricultural Marketing Service	174	170	186
Grain Inspection, Packers & Stockyards Administration	27	26	15
DEPARTMENTAL ACTIVITIES			
Office of the Secretary	31	24	12
Fund for Rural America	0	60	60
Common Computing Environment	0	0	75
Departmental Administration	32	35	41
Outreach for Socially Disadvantaged Farmers	3	3	10
Agriculture Buildings and Facilities	137	140	183
Hazardous Waste Management	16	16	30
Office of the Chief Financial Officer	4	5	6
Office of the Chief Information Officer	59	10	15
Office of the General Counsel	29	29	33
Office of the Inspector General	65	65	70
Office of Communications	8	8	9
Office of the Chief Economist	6	6	9
National Appeals Division	12	12	13
Office of Budget and Program Analysis	6	7	7
Gifts and Bequests	1	1	1
Subtotal	68,700	73,711	67,260
Offsetting Receipts	(971)	(1,400)	(898)
TOTAL, U.S. DEPARTMENT OF AGRICULTURE	\$67,729	\$72,311	\$66,362

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UNITED STATES DEPARTMENT OF AGRICULTURE

Discretionary Budget Authority

(Dollars in Millions)

AGENCY	1999 Actual	2000 Current Estimate	2001 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency	\$1,281	\$1,334	\$1,287
Commodity Credit Corporation Programs	4	(24)	(46)
Risk Management Agency	64	64	68
Foreign Agricultural Service	147	109	114
P.L. 480	1,205	943	973
RURAL DEVELOPMENT			
Rural Utilities Service	93	73	92
Rural Housing Service	1,211	1,297	1,496
Rural Business - Cooperative Service	31	29	57
Rural Community Advancement Program	753	699	763
Salaries & Expenses	120	120	130
Rural Empowerment Zones / Enterprise Communities	15	15	0
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service	4,316	4,439	4,632
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service	896	882	876
Forest Service	2,856	2,812	3,110
FOOD SAFETY			
Food Safety and Inspection Service	617	649	154
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service	850	883	933
Cooperative State Research, Education, & Extension Service	923	951	853
Economic Research Service	63	64	55
National Agricultural Statistics Service	104	99	101
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service	433	443	506
Agricultural Marketing Service	42	53	69
Grain Inspection, Packers & Stockyards Administration	27	26	15
DEPARTMENTAL ACTIVITIES			
Office of the Secretary	31	24	12
Fund for Rural America	0	0	(60)
Common Computing Environment	0	0	75
Departmental Administration	32	35	41
Outreach for Socially Disadvantaged Farmers	3	3	10
Agriculture Buildings and Facilities	137	140	183
Hazardous Waste Management	16	16	30
Office of the Chief Financial Officer	4	5	6
Office of the Chief Information Officer	59	10	15
Office of the General Counsel	29	29	33
Office of the Inspector General	65	65	70
Office of Communications	8	8	9
Office of the Chief Economist	6	6	9
National Appeals Division	12	12	13
Office of Budget and Program Analysis	6	7	7
Subtotal	16,459	16,320	16,690
Offsetting Receipts	(9)	(10)	(15)
TOTAL, U.S. DEPARTMENT OF AGRICULTURE	\$16,450	\$16,310	\$16,675

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UNITED STATES DEPARTMENT OF AGRICULTURE

Outlays
(Dollars in Millions)

AGENCY	1999 Actual	2000 Current Estimate	2001 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency	\$283	\$983	\$250
Commodity Credit Corporation Programs	19,223	27,614	18,978
Risk Management Agency	1,731	2,000	2,596
Foreign Agricultural Service	131	84	111
P.L. 480	818	1,409	586
RURAL DEVELOPMENT			
Rural Utilities Service	(647)	(2,890)	(1,976)
Rural Housing Service	334	(4)	62
Rural Business - Cooperative Service	45	50	39
Salaries & Expenses.....	110	122	130
Rural Community Advancement Program	680	714	658
Rural Empowerment Zones / Enterprise Communities	0	6	12
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service	32,215	33,529	35,539
Section 32 Funds	832	535	537
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service	954	1,021	1,031
Forest Service	3,425	3,357	3,617
FOOD SAFETY			
Food Safety and Inspection Service	604	653	158
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service	847	912	969
Cooperative State Research, Education, & Extension Service	877	954	999
Economic Research Service	58	56	56
National Agricultural Statistics Service	105	100	101
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service	612	658	634
Agricultural Marketing Service	182	164	185
Grain Inspection, Packers & Stockyards Administration	24	26	14
DEPARTMENTAL ACTIVITIES			
Office of the Secretary	9	39	17
Fund for Rural America	10	20	60
Common Computing Environment	0	0	63
Departmental Administration	26	33	39
Outreach for Socially Disadvantaged Farmers	4	5	10
Agriculture Buildings and Facilities	153	159	183
Hazardous Waste Management	18	15	30
Office of the Chief Financial Officer	5	5	6
Office of the Chief Information Officer	19	44	15
Office of the General Counsel	28	27	33
Office of the Inspector General	62	65	70
Office of Communications	8	8	10
Office of the Chief Economist	5	6	9
National Appeals Division	12	10	13
Office of Budget and Program Analysis	6	6	7
Working Capital Fund	(4)	0	0
Gifts and Bequests	1	1	1
Subtotal	63,805	72,496	65,851
Offsetting Receipts	(971)	(1,400)	(898)
TOTAL, U.S. DEPARTMENT OF AGRICULTURE	\$62,834	\$71,096	\$64,953

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UNITED STATES DEPARTMENT OF AGRICULTURE

Discretionary Outlays
(Dollars in Millions)

AGENCY	1999 Actual	2000 Current Estimate	2001 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency	\$1,261	\$1,281	\$1,358
Commodity Credit Corporation Programs	4	4	0
Risk Management Agency	54	64	67
Foreign Agricultural Service	130	105	114
P.L. 480	1,296	1,804	1,039
RURAL DEVELOPMENT			
Rural Utilities Service	95	108	97
Rural Housing Service	1,200	1,281	1,402
Rural Business - Cooperative Service	39	39	41
Rural Community Advancement Program	589	714	658
Salaries & Expenses	110	122	130
Rural Empowerment Zones / Enterprise Communities	0	6	12
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service	4,347	4,467	4,630
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service	927	999	999
Forest Service	2,815	2,691	2,910
FOOD SAFETY			
Food Safety and Inspection Service	600	649	154
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service	829	889	946
Cooperative State Research, Education, & Extension Service	877	948	945
Economic Research Service	58	56	56
National Agricultural Statistics Service	105	100	101
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service	527	557	506
Agricultural Marketing Service	42	46	67
Grain Inspection, Packers & Stockyards Administration	26	26	14
DEPARTMENTAL ACTIVITIES			
Office of the Secretary	9	39	17
Fund for Rural America	0	0	(31)
Common Computing Environment	0	0	63
Departmental Administration	26	33	39
Outreach for Socially Disadvantaged Farmers	4	5	10
Agriculture Buildings and Facilities	153	159	183
Hazardous Waste Management	18	15	30
Office of the Chief Financial Officer	5	5	6
Office of the Chief Information Officer	19	44	15
Office of the General Counsel	28	27	33
Office of the Inspector General	62	65	70
Office of Communications	8	8	10
Office of the Chief Economist	5	6	9
National Appeals Division	12	10	13
Office of Budget and Program Analysis	6	6	7
Working Capital Fund	(4)	0	0
Subtotal	16,282	17,378	16,719
Offsetting Receipts	(9)	(10)	(15)
TOTAL, U.S. DEPARTMENT OF AGRICULTURE	\$16,273	\$17,368	\$16,704

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UNITED STATES DEPARTMENT OF AGRICULTURE

Staff Years

Agency	1993 Base	1999 Actual	2000 Estimate	2001 Estimate
FARM AND FOREIGN AGRICULTURAL SERVICES				
Farm Service Agency	7,628	5,709	5,901	5,901
Risk Management Agency	664	528	568	568
Foreign Agricultural Service	923	923	953	973
RURAL DEVELOPMENT				
Rural Development	9,547	6,960	6,906	7,020
FOOD, NUTRITION, AND CONSUMER SERVICES				
Food and Nutrition Service	2,009	1,606	1,717	1,861
NATURAL RESOURCES AND ENVIRONMENT				
Natural Resources Conservation Service	13,784	11,720	11,601	13,444
Forest Service	43,025	34,366	35,611	35,619
FOOD SAFETY				
Food Safety and Inspection Service	9,950	9,590	9,914	9,752
RESEARCH, EDUCATION, AND ECONOMICS				
Agricultural Research Service	8,426	7,545	7,762	7,762
Cooperative State Research, Education & Extension Service ..	408	390	440	451
Economic Research Service	788	511	511	522
National Agricultural Statistics Service	1,487	1,137	1,137	1,135
MARKETING AND REGULATORY PROGRAMS				
Animal and Plant Health Inspection Service	6,552	6,321	6,641	6,888
Agricultural Marketing Service	4,027	3,389	3,392	3,392
Grain Inspection, Packers & Stockyards Administration	936	740	765	814
DEPARTMENTAL ACTIVITIES				
Office of the Secretary	83	63	82	82
Office of the Chief Economist	45	49	60	66
National Appeals Division	152	127	133	133
Office of Budget and Program Analysis	76	63	67	67
Office of the General Counsel	420	339	350	370
Office of the Inspector General	850	701	753	760
Office of the Chief Information Officer	297	255	275	287
Office of the Chief Financial Officer	1,221	1,118	1,175	1,173
Departmental Administration	727	640	733	753
Office of Communications	150	116	123	123
Subtotal, USDA	114,175	94,906	97,570	99,916
Thrift Savings Plan	367	585	585	585
Total, USDA Federal Staffing	114,542	95,491	98,155	100,501
FSA, Non-Federal County:				
Permanent Full-Time	12,998	9,490	9,496	9,496
Temporaries	1,955	2,017	1,892	1,270
Total, Non-Federal County	14,953	11,507	11,388	10,766
Total, USDA Staffing	129,495	106,998	109,543	111,267

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FY 2000 0.38 Percent Reduction (Dollars in Millions)

The FY 2000 Consolidated Appropriations Act required a 0.38 percent cut from discretionary and emergency budget authority. For USDA, this translates into a \$95.9 million cut. The law permits flexibility in allocating the cut, but no single project, program or activity can be cut by more than 15 percent. Rather than cutting all programs across the board, the cut was targeted as follows:

<u>Item</u>	<u>Reduction</u>
Cut Low Priorities and Administrative Funding and Defer Projects:	
Cut FY 2000 ARS research add-ons by 15% (44 projects)	\$3.3
Cut CSREES add-ons by up to 15% but in no case below the FY 1999 level for any single item (55 projects)	4.5
Reduce APHIS bollweevil and pink bollworm line items and FY2000 Wildlife Services increases by 15%	3.1
Cut ongoing Watershed financial assistance by 15%	7.8
Reduce Forestry Incentives Program in NRCS by 15%	0.9
Reduce Forest Service Construction earmarks (31 projects) and National Forest System	8.8
Reduce travel and other administrative expenses	5.8
Subtotal	34.2
Programs With Other Funding Sources:	
P.L. 480 Title I - cut BA by 4 % (limits total credit level to about \$292 million)	8.0
Reduce RD Water and Waste grants to \$497 million	25.2
Subtotal	33.2
Emergency Funding:	
Reduction in Emergency Funding	28.5
Total	<u>\$95.9</u>

APPENDIX

User Fee Proposals (Dollars in Millions)

Agency and Program	Budget Authority
Food Safety	
Food Safety and Inspection Service:	
Salaries and Expenses	-\$534
<p>! This proposal would charge fees for the full cost of providing Federal inspection of meat, poultry, and eggs. The user fees exclude Grants to States and Special Assistance to State Programs.</p>	
Natural Resources and Environment	
Forest Service:	
Ski Fees Fair Market Value	-3
<p>! This proposal would revise the current ski fee structure to assure the government's collection of fair market value.</p>	
Recreation Fee Demonstration Program.....	0
<p>! This proposal would permanently extend the Recreation Fee Program beyond 2002 and would authorize the direct expenditure of all recreations fees collected by the Forest Service.</p>	
Forest Uses	0
<p>! The budget proposes that, contingent upon the enactment of authorizing legislation, fair market value user fees are to be charged for certain land uses, such as oil and gas pipelines, powerlines, telephone lines, fiber optic communications lines, ditches and canals, and road and trail rights of way and commercial services on National Forest System lands.</p>	

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Agency and Program	Budget Authority
Marketing and Regulatory Programs	
Animal and Plant Health Inspection Service:	
Salaries and Expenses	-11
! This proposal would establish user fees for costs for animal welfare inspections and issuance of biotechnology certificates.	
Grain Inspection, Packers and Stockyards Administration:	
Salaries and Expenses	-19
! This proposal would establish a fee for grain standardization and a licensing fee to cover the costs of administering the provisions of the Packers and Stockyards Act relating to meat packing and stockyards activities. This proposal would collect fees of \$23 million, partially offset by \$4 million in start-up costs in 2001.	
Total, User Fee Related Proposed Legislation.....	<u><u>-\$567</u></u>

APPENDIX

Farm Safety Net – Proposed Legislation (Dollars in Millions)

Agency and Program	Budget Authority
Farm and Foreign Agricultural Services	
Commodity Credit Corporation:	
! Legislation is proposed to increase the CCC limit on computer expenditures by \$70 million during 2001 and 2002	\$35
! The budget includes proposed legislation for supplementary income assistance payments for the 2000 and 2001 crop years	2,464
! The budget proposes to extend the Dairy Price Support Program through 2002	150
! Legislation will be proposed to expand the CRP enrollment cap from 36.4 million acres to 40 million acres and fund CRP and WRP technical assistance	75
! Legislation will be proposed to establish a new cooperative development program to provide equity capital for new livestock processing cooperatives	80
! Legislation will be proposed to remove area-wide trigger on non-insured Crop Disaster Assistance	110
Risk Management Agency	
! A crop insurance reform package will be proposed to provide for multi-year coverage, establish a livestock pilot program and expand risk management education	910

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Agency and Program	Budget Authority
Natural Resources Conservation Service:	
Conservation Security Program	600
<p>! This proposal would fund a new program to provide annual payments to farmers and ranchers who implement conservation practices such as nutrient management, grazing improvements and windbreaks.</p>	
Environmental Quality Incentives Program	125
<p>! The Administration will propose legislation to increase CCC funding for EQIP by \$125 million in 2001 and by a total of \$625 million for the period 2001 to 2005.</p>	
Wetlands Reserve Program	213
<p>! This proposal would eliminate the current cap of 975,000 acres and provide for enrollment of 250,000 acres per year through 2005.</p>	
Wildlife Habitat Incentives Program	50
<p>! This proposal would authorize additional funds to continue the program at \$50 million per year over the period 2001 through 2005. The 1996 Farm Bill authorized \$50 million the program and these funds were fully exhausted in 1999.</p>	
Farmland Protection Program	65
<p>! This proposal would authorize new funding for 2001 through 2005 at \$65 million per year. The current funding authorization was reached in 1998.</p>	

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Agency and Program	Budget Authority
Rural Development:	
Rural Empowerment Zone/Enterprise Community Grants	15
<p>! This proposal provides mandatory funding for Empowerment Zones and Enterprise Communities (EZ/EC). Authority for a second round of EZ/EC was included in the Tax Payer Relief Act of 1997. In 1999 and 2000, \$15 million in discretionary funding was provided.</p>	

APPENDIX

Other Proposed Budget-Related Legislation (Dollars in Millions)

Agency and Program	Budget Authority
Rural Development	
Rural Housing Service:	
Section 538 Guaranteed Multi-Family Housing Loans	-\$3
! This proposal would eliminate the statutory requirement that 20 percent of the loans guaranteed must receive interest assistance.	
Section 502 Guaranteed Single Family Housing Loans	-37
! This proposal would raise the guaranteed fee from one percent to two percent, and therefore lower the subsidy rate.	
Food, Nutrition and Consumer Services	
Food and Nutrition Service:	
Food Stamp Program.....	24
! The Administration is proposing to restore eligibility to legal immigrants who resided in the U.S. on August 22, 1996 and who subsequently turn age 65.	
! The Administration is proposing to restore eligibility to legal immigrant adults who resided in the U.S. on August 22, 1996 and live with eligible children.	
! The Administration is proposing to offer all States the option of conforming Food Stamp Program vehicle rules with more generous Temporary Assistance for Needy Families (TANF) program rules.	

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- ! The Administration is proposing to allow States to conform the federal mandated income exclusions of the Medicaid program to the income exclusions in the Food Stamp Program.
- ! The Administration is proposing to simplify the Child Support Enforcement Program at the Department of Health and Human Services which will increase the income of families participating in this program. To the extent that these families also participate in the Food Stamp Program, there are benefit savings.

Child Nutrition Programs

-1

- ! This proposal would strengthen Child and Adult Care Food Program management and oversight at Federal, State, and local levels. The proposal would also fund an evaluation of the program's administrative reimbursement structure. Outlay savings of \$3 million are anticipated in 2001.
- ! The Administration is proposing to allow school lunch application information to be shared with State or local agencies to facilitate Medicaid and Child Health Insurance Program enrollment. There would be no additional costs to the Child Nutrition Programs.

Natural Resources and Environment

Forest Service:

Payments to States..... 27

- ! The budget proposes legislation to stabilize Forest Service Payments to States which have declined since the late 1980's. The proposal would stabilize the payments by providing a guaranteed amount to the States rather than a percentage of receipts.

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Agency and Program	Budget Authority
Use of Sealed Bids.....	-5
<p>! The budget proposes that timber bids are to be available only through sealed bid auction procedures, rather than open bid as is now the case in some places, unless the Secretary determines oral auction would result in a higher bid. It is the intention of the proposal to increase timber receipts and better assure the government's collection of fair market value for the timber asset sold.</p>	
Concession Reform.....	0
<p>! Concession reform legislation will alter current authorities and policies that make it difficult to dispose of excess government facilities and for the private sector to enter into a business relationship to reconstruct or construct recreational facilities, resulting in improved facilities, reduced facilities maintenance backlog, reduced excess government facilities, increased revenues from fee collections, and improved customer service.</p>	
Permit Non-Timber Interests to Bid on Timber Sales	0
<p>! The budget proposes that non-timber interests would bid on timber sales. This would increase competition thereby increasing timber receipts and better assure the government's collection of fair market value for the timber asset sold. Receipts collected from non-timber interests may be used to maintain community employment and stability.</p>	
Minimum Bid Level for Timber Sales for Commodity Purposes	0
<p>! The budget proposes that the minimum bid level on commodity timber sales be equal to the costs of sale preparation and harvest management. It is the intention of the proposal to increase timber receipts and better assure the government's collection of fair market value for the timber asset sold.</p>	

APPENDIX

Agency and Program	Budget Authority
Mandate New Timber Sales Contract to Avoid Future Damages.....	0
<p>! The budget proposes to require a timber contract that would establish new contract cancellation procedures that would reimburse timber sale purchasers for out-of-pocket expenses, but not for the cost of replacement timber as current contracts now do. It would also require that the timber sale purchaser obtain general liability insurance to protect the government from liability, and the contract would transfer title for the timber to the purchaser at the time of payment, when the timber is cut, rather than after the timber is removed from the sale site. The new contract also would establish that timber sale purchasers could not cut undesignated trees.</p>	
	Land Acquisition Reinvestment Fund 0
<p>! Through increased authority for land sales and acquisitions, this proposal would focus on acquiring high priority wetlands, riparian areas, threatened and endangered species habitat, areas of high biological diversity, wildlife corridors, and other high value conservation areas to ensure increased environmental benefits and government value.</p>	
Facilities Acquisition and Enhancement Fund.....	0
<p>! This proposal would enable the Forest Service to sell facilities, buildings, constructed features and any appurtenant land, excess to its needs, and to use the proceeds for acquiring or developing land and improvements. In carrying out this proposal, the Forest Service would work in cooperation with the General Services Administration.</p>	

APPENDIX

Agency and Program	Budget Authority
Trust Fund and Permanent Appropriations Reform.....	20
<p data-bbox="261 443 1016 735">! This proposal would reform permanent and trust fund accounts that collect timber receipts by merging them into one account with fixed funding. Included in this proposal is the Healthy Investments in Rural Economies (HIRE) Initiative in which a portion of the funds deposited in the new account would use Jobs in the Woods, Job Corps and similar programs to carry out environmental restoration and facilities and infrastructure maintenance programs.</p>	